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France's top civil servants reach turning point, Page 19

World news | Business summary

Dutch call for star wars talks in Europe

The Dutch Government launched a campaign for a co-ordinated European approach on the long-term military and political implications of the U.S. star wars initiative, while leaving countries free to decide whether to participate in the $26bn research programme.

The aim is to ensure full European participation in any evaluation of the programme and how it might affect the future of the defence of Europe within the North Atlantic alliance.

Foreign Minister Hans van den Broek said before going to Washington that the immediate forum for co-ordinating a European position should be the Western European Union. Page 3

Bomb kills 4 police

Four Ulster police officers were killed at Newry, near the Irish border, when the Irish Republican Army detonated a massive landmine under their armour-plated patrol car.

Beirut fighting

At least 52 people were reported killed and about 325 wounded as Shia Moslem Amal militiamen fought their way into three Beirut Palestinian refugee camps against heavy resistance from Palestinian fighters. Page 5

London strike off

Britain's National Union of Railwaymen abandoned a strike on the London Underground after many members ignored the strike call and three-quarters of normal services ran. Page 9

Sakharov concern

The family of exiled Soviet Nobel Peace Prize winner Andrei Sakharov said they believed that he and possibly his wife are on hunger strike.

Spanish shop strike

Shop assistants and many small shopkeepers went on strike in most areas of Spain to protest against the ending of limits on opening hours. They see the measures as favouring large supermarket groups. Page 2

Treason trial protest

South African police arrested a dozen demonstrators who chanted anti-apartheid slogans outside a court in Pietermaritzburg at the start of the country's biggest treason trial in 25 years. The trial was adjourned until July 11. Page 5

Indexation move

The Italian Government is launching a last ditch attempt to avoid the potentially damaging Communist-inspired referendum on wage indexation which is set to take place on June 9. Page 3

India curfew

An indefinite curfew was clamped on Viramgam town in India's violence-racked western state of Gujarat after one person was killed and three were injured in a spate of stabbings.

Thai army push

Thailand said it had driven the last of 1,200 intruding Vietnamese troops back into Kampuchea after two weeks of fighting in south-eastern Trat province.

Florida blaze

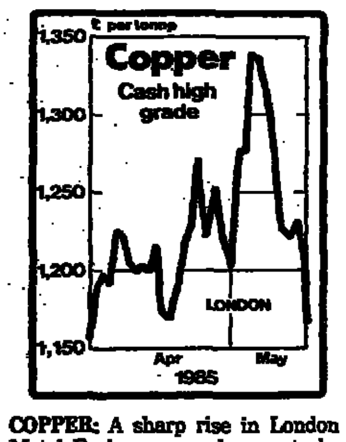
A 10-mile wall of flame threatened hundreds of homes near Daytona Beach as Florida firefighters tackled the worst blazes in the state's history.

Duck's revenge

A wild duck in New Zealand's North Island town of Te Puke took revenge on a hunter, diving out of the sky, knocking him out and leaving him with two black eyes.

Perpetual bonds may get Paris approval

FRENCH banks may shortly be allowed to issue perpetual bonds similar to those recently introduced by UK banks as a means of raising additional capital from the private sector. Standard Chartered Bank, the British-based international bank, meanwhile, launched the first perpetual floating rate note in the Eurosterling bond market. Page 20



COPPER: A sharp rise in London Metal Exchange warehouse stocks prompted the higher grade cash price to fall £18 to £1,168.5. Page 44

GOLD rose $0.75 on the London bullion market to close at $323.25. It was also higher in Zurich at $323.75 ($322.45). Page 44

DOLLAR fell in London to DM 3.0340 (DM 3.0685); FFr 9.26 (FFr 9.37); SwFr 2.5625 (SwFr 2.5825) and Y249.60 (Y250.65). On Bank of England figures the dollar's index fell to 143.9 from 145.6. Page 45

STERLING rose 1.75 cents in London to close at $1.2825. It also rose to DM 3.8925 (DM 3.8825) and Y320 (Y317). It was unchanged at SwFr 3.27 and fell to FFr 11.8450 (FFr 11.8675). The pound's exchange rate index rose to 79.7 from 79.0. Page 45

WALL STREET: At 3pm the Dow Jones industrial average was 19.88 higher at 1,305.22. Section III

LONDON gilts responded strongly to the sharp rise in the exchange rate and lent support to leading shares. The FT Ordinary index ended 7.7 higher at 1,016. Section III

TOKYO shares were encouraged by the yen's firmness against the dollar. The Nikkei-Dow market average rose 42.96 to 12,559.10. Section III

TOKYO and Amsterdam stock exchanges have agreed in principle to allow the shares of 25 major Japanese companies to be traded in yen to the Amsterdam exchange. Page 24

OLIVETTI, Italian office automation equipment maker, is to open a New York office next month to coordinate U.S. activities. Page 22; On the world stage, Page 18

POLLY PECK International, UK-based agriculture, food, textiles and electronics group, raised pre-tax profits 32 per cent to £28.16m ($36m) for the 26 weeks to March 1. Page 31; Lex, Page 20

ASSOCIATED BRITISH FOODS reported taxable profits of £132.3m ($169.3m) for the year to March 30 against £126.7m. Page 30; Lex, Page 20

ALLIANZ, West Germany's biggest insurance group, proposes to raise its dividend for 1984 to DM 11 ($3.58) from DM 10 per DM 50 nominal share, on capital unchanged at DM 501.2m. Page 21

PHILIPS, the Dutch electronics group, plans to take a 50 per cent stake in a computer-systems company that is being spun off from the state-owned Limburg Computer Centre. Page 21

SUZUKI MOTOR, Japanese maker of motorcycles and compact cars, boosted parent company taxable profits 58 per cent to Y17.09bn ($13.7m) from Y10.81bn in the year to March. Page 24

EURODOLLAR bond market was at fever pitch again after the discount-rate cut by the U.S. Federal Reserve on Friday. Prices were up to one point higher, with a ½ point gain the average. Page 21

Israelis and Palestinians exchange prisoners

BY DAVID LENNON IN TEL AVIV AND WILLIAM DULLFORCE IN GENEVA

ISRAEL and a Palestinian group began an exchange of prisoners *yesterday in which* more than 1,150 Palestinian and Lebanese prisoners were being released in three different places in return for three Israeli soldiers. The Israelis had been held by the Popular Front for the Liberation of Palestine (General Command) since the invasion of Lebanon in 1982.

Israel surprisingly acceded to the PFLP (GC) demand that those Palestinians who wished to return to their homes in the occupied West Bank and Gaza Strip should be allowed to do so. During previous swaps Israel had insisted on deporting the released prisoners.

Some 600 Palestinians were released on the West Bank having opted to return to their homes in the occupied territories. Another 394 were flown to Geneva where *they were exchanged for* the three Israelis. About 150 Lebanese prisoners crossed into Syria via the Golan Heights on their way back to Lebanon.

At Geneva airport a slow-motion exchange ritual was gingerly stage-managed by the International Red Cross. The operation was co-ordinated with the simultaneous release of Arab prisoners in the occupied territories.

Red Cross officials in radio and telephone contact with the headquarters of the PFLP (GC) in Damascus and with Jerusalem improvised and soothed suspicions, as the programme was delayed by changes in Vienna of the aircraft carrying the Israelis and a switch in the timetable for the release of prisoners in the West Bank.

Some hours late, an isolated huddle of six aircraft was organised 150 metres from the main airport building. In a first phase, 213 Palestinians moved soberly in ones and twos from the Israeli Air Force Boeings into buses parked in the centre. A solitary Israeli walked to a minibus.

By late afternoon, when confirmation came from Israel of the release of Arabs held in Nablus in the occupied West Bank, the Palestinians were sent singly to the two Libyan and one Austrian aircraft which had arrived with the three Israelis.

In Damascus, the PFLP (GC) said that the negotiations had lasted more than two years and their success was due in large part to Mr Herbert Imry, Austria's ambassador in Athens, who was acting in close co-operation with Mr Bruno Kreisky, the former Austrian Chancellor.

The Palestinian group said it had received assurances that those released prisoners who had opted to remain in the occupied territories would not be arrested again on the same charges.

There was a total news blackout in Israel about the transfer until late into the evening. Despite the worldwide publicity in advance of the exchange, the Israeli authorities maintained press censorship until the Israeli prisoners had been handed over.

However, Jewish settlers on the West Bank learned of the deal weeks ago and protested against the decision to allow the convicted Palestinians, many of them serving life sentences for terrorist attacks, to return to their homes.

They demanded the parallel release of the group of Jewish settlers convicted or on trial for attacks on Palestinians on the West Bank. As far as is known, *authorities in Tel Aviv* rejected the demand.

At the same time the Israeli security forces are treating seriously the threat by some settlers to kill one West Bank Arab for every Palestinian guerrilla released.

Among those released was Ziad Abu Fain, who was extradited by the U.S. to Israel and subsequently

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Amal showdown with Palestinians, Page 5

Swedish strike ends with warnings of new conflicts

BY KEVIN DONE IN STOCKHOLM

SWEDISH civil servants ended their 18-day strike yesterday amid warnings from employers' leaders in both the public and private sectors that the settlement could lead to a fresh wave of labour market conflicts next year.

Civil air traffic to Sweden was resumed after a break of nearly three weeks with the return to work by air traffic controllers. Customs officials started clearing the backlog of Swedish export goods jammed at ports in the south of the country.

The political consequences of the strike are still uncertain, but less than four months before the Swedish general election the conflict has badly dented the Social Democrats' claim to be the guarantor of labour peace in Sweden.

The strike coincided with last week's sudden moves by the financial authorities to impose a severe squeeze on consumer spending with a *dramatic increase in interest* rates and other measures.

The sudden tightening of monetary policy has jeopardised the Government's earlier promise of real wage rises this year. That was to have played an important role in the Social Democrats' election campaign.

Figures published by the central statistical office show that the real wages of public-sector employees and blue-collar workers in the private sector have been falling continuously since 1976-77.

Yesterday's settlement of the civil *servants' strike means a pay rise of* 2 per cent or SKr 180 a month ($20) from the beginning of December for the country's 550,000 state employees.

TCO-S, the biggest civil servants union, started the strike by key members on May 2 in support of a claim for 3.1 per cent from the start *of the year in compensation for* higher wage rises gained in the private sector in 1984.

Mr Claes Ertendahl, chairman of the state employer board who led negotiations for the Government, said the settlement would make the 1986 wage round "extraordinarily difficult."

Talks in the public sector are *already due to start in the autumn*, but yesterday's deal ensures that there will be a big carryover of cost increases into 1986 – further reducing the already narrow room for manoeuvre.

The Government has been trying, with only little success, to reduce Swedish labour cost increases to the level of competing countries in order to break the cycle of high inflation and successive devaluations.

The public-sector conflict has prompted calls from Swedish industry, whose exports have been badly hit, *for a withdrawal of civil servants'* right to strike.

Our Markets Staff adds: Public company share prices rose in response to the settlement of the strike, ending a two-week decline.

The Veckans Affarer index, indicator of general market strength, recaptured part of its recent heavy loss to close 3 points higher at 481.4.

The imminent reopening of the country's borders, closed by the civil servants' strike, encouraged support for companies heavily dependent on international export orders.

Gorbachev blames US for trade imbalance

By Patrick Cockburn in Moscow

MR Mikhail Gorbachev, the Soviet leader, yesterday told Mr Malcolm Baldrige, the U.S. Secretary of Commerce that the Soviet Union wants increased trade with the U.S. but that this was not feasible until political relations improve.

Mr Baldrige, the first U.S. Cabinet member to meet Mr Gorbachev since the funeral of President Konstantin Chernenko, delivered a letter from President Reagan to the Soviet leader calling for increased trade between the two countries.

Mr Gorbachev responded by saying the unsatisfactory level of trade was the result of Washington's discriminatory policies and interference in internal Soviet affairs.

This was an apparent reference to Washington's refusal to grant Moscow most-favoured nation (MFN) status – which normalises trade relations between the U.S. and other countries – because of differences over human rights.

Soviet exports to the U.S. were only $300m last year and imports, mostly of grain, were $3.3bn.

Mr Baldrige is leading an American delegation to Moscow for the joint U.S.-Soviet commercial commission, which met yesterday for the first time since 1978.

No dramatic increase in trade between the two countries is expected, but the discussions are the first friendly exchange between Washington and Moscow for some weeks.

Opening the meeting of the joint commission, Mr Nikolai Patolichev, the Soviet foreign trade minister, said that American companies could not expect to win contracts in the Soviet Union unless Moscow was certain they were going to be completed.

Few details were available last night of Mr Baldrige's meeting with the Soviet leader, which went on for over two hours.

India to strengthen Soviet links, Page 5; U.S.-Soviet trade talks, Page 6

Wall St soars and $ recoups early losses

BY PAUL TAYLOR IN NEW YORK AND MAX WILKINSON IN LONDON

WALL STREET investors went on a buying spree yesterday sending stock and bond prices soaring in early trading as U.S. short-term interest rates tumbled in the wake of the Federal Reserve Board discount rate cut.

With U.S. Treasury bill and bank certificate of deposit rates tumbling and the overnight Fed funds rate trading at around 7¾ per cent, all the major banks moved to the lower 10 per cent prime rate, first established late last week.

By lunchtime, with over 90m shares traded in a broad-based rally, the Dow Jones industrial average was through the 1,300 level, setting a new trading record.

At 3pm, the Dow was up 19.88 at 1,305.22.

In the bond market, the Treasury long bond gained almost another full point, sending the yield on the 30-year bond down to around 10.82 per cent.

Both markets were buoyed by the latest comments from Mr Paul Volcker, the Fed chairman, who told reporters after a keynote speech in Washington that the U.S. central bank had cut the discount rate by half a percentage point to 7.5 per cent in order to "assist in the process of orderly growth and move towards price stability."

The Fed chairman added that "it would be nice" if the discount rate cut was accompanied by Congressional passage of a fiscal 1986 budget-cutting package upwards of $50bn. His comments came as *Democrats in the House of Representatives* confirmed that they would begin debate today on a Democrat-sponsored bill that would cut the deficit in the coming fiscal year by $56bn.

With new economic numbers, including an updated estimate of real gross national product due today and the Fed's policymaking Federal Open Market Committee due to hold another closed-door policy session, Mr Volcker's comments led to a new wave of speculation that the Fed might ease monetary policy further, if the U.S. economy remained sluggish and the dollar held strong.

In early volatile trading yesterday in New York, the U.S. currency initially sank, but bounced back in late morning trading, demonstrating what some traders termed "remarkable resilience."

Earlier, the fall in U.S. interest rates had pushed the dollar down to near the DM 3 level when the European foreign exchange markets opened.

That reflected steep falls in late trading on Friday, but after a nervous period the dollar moved up again as dealers took profits. The dollar closed in London at DM 3.034, but by lunchtime in New York, it had reached DM 3.0665, only slightly below its level at Friday's London close.

The easing of the dollar was reflected in a higher value for sterling, which was also rather stronger

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Lex, Page 20; Currencies, Page 45; Stock markets, Section III

Hardliners purged as Communists in UK take Euro path

By Margaret van Hattem in London

BRITAIN'S Eurocommunists yesterday achieved a clean sweep of all the 45 seats on the executive committee of the Communist Party of Great Britain.

They won the party's backing for the expulsion of 18 dissidents, and for disciplinary measures against a further 24. They asserted their views – by a majority of two to one or more – on all issues of dissent and, in short, consolidated their tight grip on the party and most of its institutions.

They are now poised to begin an onslaught on the one prize that continues to elude their grasp – the party's daily paper, the Morning Star.

In recent months, the rift between the Eurocommunist-dominated executive and the hardliners who write and control the Morning Star has reached a crisis point. That is why the 39th special congress of the party was brought forward six months to be held in London at the weekend.

The Eurocommunists were hoping for a decisive show of strength to add irresistible force to the discipline they have been trying to impose on the party in recent months.

And they succeeded, possibly beyond even their own hopes. Dissenting hardliners were heard politely, but received little support. Indeed, so predictable did the voting become that when for one brief moment the party united, carrying unanimously a unilateralist peace resolution, proceedings were temporarily disrupted by an outbreak of disbelieving laughter.

Unlike British Labour Party gatherings of recent years, the Communist Party Congresses tend to be rather restrained affairs. While the Communist comrades may outdo the Labour comrades in the ferocity of their attacks on the printed page – and the pages of the Morning Star and the executive committee resolutions during the three day congress were no exception – they appear incapable of carrying personal animosity on to the platform.

Perhaps it is something to do with numbers. Party membership is now below 12,000 and the fact of there being only 251 delegates present, most of whom seem to know each other, introduces the sort of intimacy that makes outright rudeness out of place.

In such a tightly knit group, the fact that things are not spelled out indicates less a need to speak in the codes so favoured by British Conservatives than a large number of

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French report proposes only two commercial TV channels

BY DAVID MARSH IN PARIS

TWO NATIONWIDE commercial television channels should be set up in France, a government-sponsored report recommended yesterday.

The report, presented to M Laurent Fabius, the Prime Minister, by a top official, M Jean-Denis Bredin, takes a relatively cautious line over the technical and economic limits on private TV in France. President François Mitterrand has previously announced plans to deregulate French television.

The report has been keenly awaited by the cluster of media and publishing groups which have been jostling for positions in a liberalised French TV industry. They include existing broadcasting organisations like Europe-1 and Radio Tele Luxembourg as well as the Hersant and Hachette newspaper and publishing groups.

The proposed number of nationwide channels – which would be set up in association with a large number of local TV networks – is smaller than envisaged by many communications specialists after M Mitterrand's announcement. Three or four channels were rumoured to be planned. Because of the limits to advertising resources, however, some experts believe that only one national commercial channel may be viable.

M Bredin said yesterday that two commercial networks, in addition to the four TV channels already existing (one of which is the Canal Plus pay TV network), would be capable of transmitting to about 17m people. That is around one third of the population – although the number might rise to about 22m later on as more transmitters are opened up.

The report suggests that, because of the limited frequencies available the national networks could broadcast at peak times from 7.30pm onwards, taking over from local channels which would be on the air from 9am to 7.30pm.

In some regions a frequency might be available for a third channel.

By coming down on the side of conservatism in its proposals, the report aims above all to protect the media from an advertising free-for-all of the sort that has erupted over local TV in Italy in recent years.

The Government is likely to use the report's main recommendations in drawing up detailed plans for private TV during the summer.

Attitudes change in French civil service, Page 19

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David Marsh charts the uphill climb of a French plant-breeding concern

Test-tube carnations collar the flower market

DOWN among the palm trees on the French Riviera, their frost-bitten fronds slowly recovering from winter, a new generation of carnations is growing up which, with luck, will never know what it is to wilt.

The plants, produced from a blend of French science and commercial expertise, have bloomed into the dominant force on a multi-million dollar world market which spreads from May 1 buttonholes in Moscow to St Valentine's Day love-tokens across the U.S.

Genetically imbued with the business-like qualities of resistance, regenerative power and ramrod straightness of stem, microscopic slivers of plant tissue born in test tubes at the Antibes-based company Barberet and Blanc represent the starting point for one fifth of carnations sold around the world.

The carnation, although relatively neglected in France because of its morbid connections (60 per cent of French sales are for graves and funerals), is the world's most important flower crop.

Barberet and Blanc's planned output this year is 85m cuttings from glasshouses and production centres in the south of France, Spain and Italy. This will account directly for 10 per cent of international carnation plantings. Breeding companies in six continents which produce Barberet and Blanc varieties under licence represent another 10 per cent.

The young plants are sold at about FFr 1.20 (10p) each to horticulturalists all over the world, who then rear the blooms (each cutting produces about 10 stems) and bring them to the market-place.

Barberet & Blanc, with operations in 52 countries, counts about 8,000 such garden concerns as its clients.

B&B is a considerable flower power in its own right, with sales estimated at more than FFr 100m (£8.4m) this year, but it is hardly known outside specialist circles as its activities are restricted to breeding.

M Henri Blanc, managing director, explains why the company does unot want to go into full-scale growing: "We would be competing with our clients."

The company's ascendancy over the carnation trade has been an uphill climb. It went through the doldrums at the beginning of the 1980s after the split between the Barbaret husband and wife team which set up the company with M Blanc in 1962.

Mme Nicole Barbaret, chairman, has majority control of the shares: the Banque Nationale de Paris and the IDIA agricultural finance organisation also took stakes of a combined 22 per cent after B&B losses in 1982-83.

Now, with profits of around

FFr 8m last year expected to grow to FFr 15m this year, the company is on the way to recovery thanks to an increased export effort and the establishment of low-cost production centres in Spain and Italy.

The company's main battle, however, has been with a virus: the *Fusarium oxysporum* wilting disease which results in long-term contamination of the soil.

The disease is thought to be transmitted through the air as well as earth. The plague spread through French greenhouses particularly during the 1970s: it has been one of the reasons, along with high land prices offered by property developers, why many horticulturalists in the French Midi regions have sold up

Mme Barberet says the growers, seeing long-held superstitions on the carnation's links with bad luck confirmed, "thought the disease was our fault."

The need to find resistant varieties led B & B into a wide-ranging search to improve on the disease-susceptible commercial carnation hybrids developed during the war by American breeder William Sims, which subsequently swept the world.

B & B, starting as early as 1963, collected about 800 existing varieties and carried out painstaking cross breeding tests to find strains that could stand up to fusarium wilt. It has taken out about 100 internationally-binding patents to protect its present tally of 55 carnation varieties, including several agreements with Eastern bloc countries. The carnation was Lenin's favourite flower — and the Portuguese revolution in 1974 swept forward on a tide of Barberet & Blanc blooms.

M Blanc, who has special connections going back 15 years with Hungary, hopes to conclude new deals soon with Czechoslovakia and East Germany.

The company's 1985 catalogue includes 31 varieties with various degrees of resistance to Fusarium wilt. The number will increase as a five-year selection process (starting from an original collection of as many as 30,000 individual plants) gradually brings to the commercial stage new varieties combining petal power and resistant roots.

The company uses test-tube multiplication techniques, under a process pioneered by the French agricultural research institute INRA, both in order to clone resistant progenitors and also to speed up commercial breeding of top-selling varieties.

The company's creamy-red Tanga variety, for instance, was introduced only three years ago but will account for 20m of B & B's overall carnation plantings this year. This is due to the *in vitro* methods which can theoretically produce 1m plants a year from a single cutting compared with only 25 to 30 using traditional methods.

M Blanc is also nursing a potentially revolutionary project to develop laboratory techniques for transferring resistance-conferring genes across carnation varieties. He says several banks are now interested in taking the company to the bourse and that launch on the stock market could be made in 1987. If the flotation takes place, there will be no prizes for guessing which flower the stockbrokers will wear in their buttonholes.

Final round opens in Adams case against Commission

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE £500,000 damages claim brought against the European Commission by Mr Stanley Adams enters its final stages at the European Court in Luxembourg today.

In his unique breach of trust action, Mr Adams alleges that the Commission betrayed his identity as the source of information about the illegal activities of Hoffman-La Roche, the giant Swiss drugs company, which led to the company being fined for breaches of EEC fair trading laws.

Mr Adams, who asserts that he gave the information in confidence, blames the Commission for his subsequent arrest and imprisonment in Switzerland for commercial espionage. The Commission denies having disclosed Mr Adams's identity to the company.

It was in 1973 that Mr Adams, then a manager at Roche's Basle headquarters, told the Commission's competition department how Roche was breaching Community fair trading laws in its worldwide business as a big producer of vitamins sold in bulk to pharmaceutical, food and animal feed companies.

His information gave details of price-fixing agreements by a cartel including Roche and six other multinational drug companies

Mr Adams's "whistle-blowing" resulted in the Commission fining Roche DM 1m (£260,000) in 1976 for infringing Article 86 of the Treaty of Rome, which bans unfair trading practices. Roche's appeal was rejected by the European Court three years later though the court reduced the fine by a third.

In the meantime, Mr Adams's world collapsed about his ears. After resigning from Roche in late 1973, he was arrested and spent three months in custody in Switzerland the following year facing a charge of commercial espionage. He escaped to Italy after being released on bail.

While he was in prison his wife committed suicide, having been told that he would be sentenced to 20 years in jail.

In 1976, he was tried in his absence by a Swiss court and sentenced to 12 months' imprisonment, suspended for three years, and banished from Switzerland for five years. The Swiss Federal Appeal Court rejected his appeal in 1978.

In 1979-80 he spent 54 days in jail in Italy on fraud charges following the collapse of a pig-breeding venture he had started after leaving Roche.

He has brought two actions for damages. In the first, founded on Article 215 of the Treaty of Rome, which required the EEC to make good any damage caused by its institutions or servants in the performance of their duties, he is claiming £500,000 compensation, including £250,000 for psychological and moral damages, and a sum in respect of 10 years' loss of earnings.

In the second action Mr Adams is claiming damages for the Commission's failure to refer Switzerland's alleged breaches of the 1972 EEC-Switzerland Agreement on Free Trade to a Community committee set up under the agreement.

Academic who met Howe loses Warsaw job

By Christopher Bobinski in Warsaw

THE DISMISSAL of Dr Bronislaw Geremek, an historian and a former top Solidarity adviser who met Sir Geoffrey Howe, the UK Foreign Secretary, during his visit to Warsaw last month, has sparked widespread oppositon his his colleagues at the Polish Academy of Sciences.

At the same time, there are strong indications that the government has decided to speed up legal changes which would reduce university autonomy. These have aroused near unanimous protests from the academic community.

Dr Geremek, who retains close links with Mr Lech Walesa, the Solidarity Leader drew official anger when he met Sir Geoffrey, but the authorities have said that the dismissal was prompted by "anti-Soviet remarks" which the historian reportedly made during a meeting with students in Gdansk in March.

The dismissal is the first of its kind at the Academy which is Poland's main research body and where academic tenure has been secure until now.

Several hundred academics in at least four of the academy's institutes have written asking for the decision to be reversed.

It is thought that the changes in the university law could be sent for approval by Parliament as early as next month, at the end of the academic year.

● The head of Polish radio and television, Mr Miroslaw Wojciechowski has defended his policy of showing Western films and argued that much of the political propaganda broadcast at present is ineffective.

In recent month television has broadcast Western films such as a Jane Fonda season. Mr Wojciefchowski has pleaded that such films critical of conditions in the West serve to support the Government's political line.

'Watergate' spectre raised in Spanish police spies affair

BY DAVID WHITE IN MADRID

THE FRONT-PAGE cartoon in the right-wing Spanish daily ABC shows Sr Manuel Fraga, the abrasive opposition leader, at table having just spooned up a telephone cable in his soup. His face is a mixture of anger and triumph. For his Popular Alliance party, heavily outnumbered in Parliament, nothing better could happen than a good scandal about political espionage.

The Socialist Government is due to answer questions in Parliament later this week on the extent to which opposition parties have continued, 10 years after the death of Franco, to be spied on or infiltrated by police intelligence services.

Both Popular Alliance and the Spanish Communist Party, which is also reported to have been the object of surveillance, are on the war-path. Sr Fraga's party has demanded to know what kind of information has been collected, how long the practice has been going on, who has been doing it and how the Government proposes to stop it.

Popular Alliance leaders see this as possibly their best opportunity since the Socialists came to power two and a half years ago to put Sr Felipe Gonzalez's government on the spot. They aim to build up to a censure motion on the issue, something they may not get another chance for in the current legislature.

The party says it has "well-grounded suspicions" that there have been "moles" in its organisation, and claims to have names. Last week, it filed a formal legal complaint after newspapers carried reports about the spying activities. At the same time, it is carrying out an internal investigation to find out how confidential information got out.

Senior officials at the Interior Ministry have acknowledged that records are kept of political parties and that some activity of this kind has been going on. But they say that, since 1983, when a new head was appointed to the Interior Brigade, the police branch dedicated to civilian intelligence, efforts have been made to reduce it to a minimum. Up to the last general election in 1982, intelligence operations were also carried out in the Socialist Party, they say.

Sr José Barrionuevo, the Interior Minister, has firmly denied, however, that any authority has given orders or consent for investigating political parties.

It would not be the first instance of members of the security forces continuing to act independently of ministry control. This is one of the legacies of the Franco regime. The more serious question is whether, as the opposition alleges, information has been used for party political ends.

Sr Fraga's party is aiming its guns principally at Sr Alfonso Guerra, the Deputy Prime Minister and the Socialists' chief election tactician. He is accused of having made use of Popular Alliance documents, including a recent speech by Sr Fraga, before they were officially released. Sr Fraga has attacked Sr Guerra as "irresponsible."

The opposition has made the obvious comparison between this affair and the Watergate break-in that led to President Richard Nixon's downfall. It is the second time commentators have begun talking of a "Spanish Watergate." The first was an alleged Spanish connection to the West German Flick scandal.

The affair, also known as "Rheingold," was based on allegations that Sr Gonzalez had recieved a suitcase full of election funds originating from the Flick group. In February, a parliamentary committee, after calling Sr Gonzalez and a West German Social Democrat deputy among the witnesses, roundly rejected the allegations. But in political scandals, some mud always sticks.

Czechoslovakia and Austria to ease relations

By Leslie Colitt in Berlin

CZECHOSLOVAKIA and Austria have agreed to improve their strained relations following a meeting last week between Mr Bohuslav Chnoupek, Prague's Foreign Minister, and Herr Leopold Gratz, his Austrian counterpart.

Austria's relations with Czechoslovakia, always poor in contrast to its increasingly close ties to Hungary, plummeted late last year after the shooting of an escapee by Czechoslovak border guards on Austrian territory. Austria subsequently reduced its official contacts to a minimum.

Mr Chnoupek said that border guards had been instructed to respect Austria's frontiers, and he promised that the Prague authorities would speed up the processing of Austrian citizens entering and leaving Czechoslovakia.

● The Hungarian and Austrian broadcasting systems have agreed to produce a joint radio programme for German-speaking tourists visiting Hungary starting next year.

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Small shops strike over opening hours changes

BY OUR MADRID CORRESPONDENT

SHOP ASSISTANTS and numerous small shopkeepers went on strike in most areas of Spain yesterday in a protest campaign against the ending of limits on opening hours.

Response to the strike was uneven after small companies' organisations dissociated themselves from the campaign, organised by the two main trade union bodies, the Socialist UGT and the Communist-led Workers' Commissions.

Small shopkeepers see the change, part of a package of economic measures announced by the Socialist Government, as favouring larger supermarket groups. However, the Spanish Confederation of Small and Medium Sized Companies said it would not back the strike because it did not consider it to be a way of solving the problem.

The unions claim the decree, which gives the retail sector freedom to open when it wants, subject to measures taken by regional authorities, threatens employment in the retail sector.

EUROPEAN NEWS

W. German banks detail overseas loans

BY JONATHAN CARR IN FRANKFURT

THE WEST German banks, including all their offshoots abroad, are supplying less than 9 per cent (or nearly $35bn) of the loans made by Western credit institutions to the world's major debtor states, according to the Bundesbank.

But despite this modest overall share, German bank lending is relatively high to individual countries in Eastern Europe, as well as to Nigeria, Turkey and Israel.

This emerges from the central bank's May report, released today, which for the first time gives detailed statistics on the business of German banks' subsidiaries abroad.

So far Bundesbank figures have only included business done by the foreign branches of German banks and a part of that done by subsidiaries – that is by foreign banks controlled by German credit institutions.

Now, because of this year's tighter German credit law which says that business of foreign subsidiaries must be consolidated with that of the parent banks for capital ratio purposes, it is possible to gain a clearer overview.

The Bundesbank figures show that of nearly $400bn worth of claims by Western banks on 25 major debtor states at the end of 1984, 8.7 per cent, or $34.9bn, came from West German banks at home and abroad.

Of the German total, $17.1bn came from domestic credit institutions, $6.5bn from foreign branches – and $11.2bn from foreign subsidiaries.

The German banking share of credit made to the deeply indebted Latin American countries is shown as relatively small – 6.4 per cent to Brazil, 4.6 per cent to Mexico and 9.3 per cent to Argentina.

But German banks have put up 19.5 per cent ($3.2bn) of the Western credit to the Soviet Union, 25.6 per cent ($2.3bn) to Poland and 16.5 per cent ($1.6bn) to Yugoslavia.

The German share is also particularly high in the case of Turkey (33.1 per cent or $1.7bn), Israel (26.2 per cent or $1.6bn) and Nigeria (18.2 per cent or $1.5bn).

The Bundesbank also reports that at the end of last year German banks controlled 63 subsidiaries abroad (26 of them, the biggest single group, in Luxembourg) with a combined business volume of DM 190bn ($61.4bn).

The central bank notes that this figure is only equal to about 6 per cent of overall German banking business volume at home – but it also stresses that only 33 German banks have offshoots abroad. For those 33, the business of foreign subsidiaries accounts for an average fifth of total business volume.

Coalition attacks Kohl after poll defeat

BY RUPERT CORNWELL IN BONN

IN DELAYED but ominous reaction to the electoral defeat in North Rhine Westphalia, Chancellor Helmut Kohl has come under fierce fire from senior ministers representing the smaller partners in his ruling coalition in Bonn, the liberal Free Democrats (FDP) and the conservative Bavarian CSU.

Predictably, the most cutting assault has come from Herr Franz Josef Strauss, the CSU leader. At a party meeting in his home state at the weekend, Herr Strauss accused the Chancellor of pandering to the FDP at the CSU's expense, and of exhibiting little leadership.

"Our constitution lays down that the Chancellor should set the guidelines of government policy," he said. "In future I would like to see him doing that."

Sniping by Herr Strauss at Herr Kohl, his eternal rival, has often failed to make any impression on the thick skin of the Chancellor. This time however, the criticism may have to be taken more seriously.

In the first place, the Bavarian leader is merely putting into words what many feel in the government parties – and not least privately among the Chancellor's own Christian Democrats (CDU). Second, he himself is facing state elections in Bavaria next year.

Although the CSU dominates local politics there – in 1982 it swept the state with a 58–31 margin over the opposition Social Democrats (SPD) – Herr Strauss clearly fears that the current difficulties of the CDU, if not swiftly tackled, could rub off on to his own party.

As if to underline the point, Herr Friedrich Zimmermann, the Interior Minister and also of the CSU, has publicly blamed Herr Kohl for indecision and for allowing the FDP too frequently to back out of agreements previously reached with its CDU and CSU partners.

But the FDP too has shown its own unhappiness at recent events, culminating in the Christian Democrats' rout on May 12 in North Rhine Westphalia, their worst-ever showing in West Germany's most populous and industrialised state.

Herr Hans-Dietrich Genscher, Foreign Minister, demanded on Sunday that the Government concentrate more on its EEC policy. The Foreign Minister's observation reflects the ever more obvious divergences between himself and Herr Kohl.

Mr Shultz: meeting with Dutch minister

Dutch seek pact on star wars

By Quentin Peel in Brussels

THE DUTCH Government has launched a campaign for a co-ordinated European approach on the long-term military and political implications of the U.S. Strategic Defence Initiative (SDI), while leaving individual countries free to decide whether to participate in the $26bn research programme.

The aim is to ensure full European participation in any evaluation of the so-called star wars programme, its possible implementation and how it might affect the future of the defence of Europe within the North Atlantic alliance.

Proposals have been circulated by the Netherlands to its six fellow members of the Western European Union (WEU), including Britain, France, West Germany and Italy, suggesting that a common stand be taken on the broad strategic implications without committing them to direct participation.

The plan was outlined yesterday by Mr Hans van den Broek, the Dutch Foreign Minister, on the eve of a two-day trip to Washington where he will meet Mr George Shultz, Secretary of State, and other senior Administration officials.

He said the European nations had to convince the U.S. that they should be part of any evaluation of SDI and its implications for the security of Europe; the common goal of curbing the arms race; the present strategy of nuclear deterrence; and the link between Europe and the U.S. in Nato.

"What is predominant for us is that we arrive at a common approach on the importance of these questions," he said in an interview. "We must try and convince the Americans that we want to be part and parcel of the evaluation which deals with these particular questions. We want to be sure the Americans will be in close consultation with the Europeans along the whole process."

Mr van den Broek said the immediate forum for co-ordinating a European position should be the WEU, although the ministerial meeting in Bonn last month ended inconclusively. Talks with the U.S. should take place within Nato.

The Dutch Foreign Minister said any decision to participate by individual governments did not anticipate any final judgement on the SDI concept of creating a defensive umbrella in space against nuclear attack. He said his own government had yet to take a decision, and the whole question would be a central part of his talks in Washington.

It was essential that any participation in SDI research was based on the understanding that the existing Anti-Ballistic Missile Treaty was strictly observed. Any step from research to actual implementation would go beyond the wording of the treaty, and would require co-ordination with the Soviet Union, he said.

Rome tries to avert pay poll

By James Buxton in Rome

BY JAMES BUXTON IN Rome

THE ITALIAN Government will this week launch a last-ditch attempt to avoid the potentially damaging Communist-inspired referendum on wage indexation set to take place on June 9.

Yesterday the CGIL, the biggest union federation which has majority Communist membership, put forward a new scheme for modifying the wage indexation system which, if implemented, would make the referendum redundant, and therefore prevent its being held.

In the referendum the Italian electorate will be asked whether it wants four points restored on the *scala mobile* (sliding scale) index which were cut off by government decree last spring. The Communist Party pressed forward the petition calling for the referendum after its parliamentary battle against the decree had failed.

If the vote went in favour of the restoration of the four points, monthly wages would be raised by a flat L27,200 (£11) and the basis of the indexation system would be revised upwards, giving a boost to inflation which last year fell below 10 per cent for the first time since 1973.

Sig Gianni de Michelis, the Labour Minister, would like to make the referendum unnecessary by achieving an agreed reform of wage indexation which would reduce protection against inflation in return for tax concessions and measures to foster employment.

Yesterday's CGIL proposal, which would ensure greater protection against inflation for the lower paid and reduced protection for others, makes his task a fraction easier.

However, he must still reconcile the differing points of view of the other two unions, of the employers and of members of the government itself, and at the end of the day sasisfy the Constitutional Court that the new agreement so changes the rules as to make the referendum irrelevant.

Much depends on how far the Communist Party, presently going through a painful reappraisal of its role in Italian politics, is prepared to allow CGIL to concede.

Brandt to hold talks with Gorbachev

BONN – Herr Willy Brandt, the former West German Chancellor, said yesterday that he would meet Mr Mikhail Gorbachev, the Soviet leader, during a fact-finding visit to Moscow next week.

Herr Brandt said his talks with the new Communist Party chief and other senior Kremlin officials during a four-day visit starting on Sunday would involve an exchange of opinions on East-West issues and would not be aimed at achieving any concrete results.

Herr Brandt, travelling at the head of a delegation of his Social Democratic Party (SPD), will be the first senior West German politician to hold detailed talks with Mr Gorbachev since he came to power in March.

Herr Brandt said he would meet M Lionel Jospin, the general secretary of the French Socialist Party, in Paris today as part of his preparation for the trip to Moscow.

Reuter

Singapore heads for slowest growth rate for a decade

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE'S economy grew at an annual rate of only 3 per cent in the first quarter of this year, and economists say the normally vibrant island state is headed for its slowest growth in a decade this year.

Figures for gross domestic product, published yesterday in the Ministry of Trade and Industry's quarterly economic survey, confirm the dramatic slowdown seen in the economy in recent months. The 3 per cent first quarter figure compares with 10.1 per cent in the same period last year. Overall real growth in 1984 was 8.2 per cent.

The survey blames the slowdown on unexpectedly low U.S. growth, which weakened external demand, and a slowdown in construction activities at home. It expects a stimulus later from a U.S. rebound in the second half.

But independent economists predict that Singapore will face difficulty exceeding 5 per cent growth this year, the lower end of recent official forecasts, notably from Prime Minister Lee Kuan Yew just three weeks ago. The last time growth fell below 6 per cent was 1975, when gross domestic product rose 4.1 per cent.

An official survey of business expectations published this week also shows that industrialists, bankers, traders and businessmen expect conditions to remain sluggish, with no immediate prospects of a significant improvement in demand.

Yesterday's figures indicate that the worst affected sector apart from construction was manufacturing, which contracted 2.4 per cent as a result of sharply lower oil refinery production, reduced machinery output and a decline in shipyard activity. In construction, a mainstay of the economy, the value of contracts awarded fell almost 60 per cent.

The brightest sector was tourism, with a 6.6 per cent increase in arrivals compared to the first quarter last year, but hotel occupancy rates fell further as more new hotels came onstream. Visible trade slowed down, with exports up only 3.4 per cent. The financial sector recorded 3.8 per cent growth.

The impact of the slowdown was reflected in an unusual place for Singapore — the employment exchange. The number of registered persons (7,937) represented a rise of more than a fifth, and the survey describes the shrinkage of employment in the construction sector as "massive."

Philippines agrees deal over debts of Planters

By Samuel Senoren in Manila

THE PHILIPPINE Government and a group of foreign banks reached a satisfactory agreement on the rehabilitation of debt-ridden Planters Products during the weekend, paving the way for the scheduled signing yesterday in New York of the $10bn (£7.9bn) debt restructuring package for the Philippines, banking officials confirmed.

Documents covering government assurance on the rehabilitation of Planters, the country's leading fertiliser company, were finalised last Saturday by Prime Minister Cesar Virata and foreign banks led by Manufacturers Hanover Trust.

Under the agreement, which eliminated the last obstacle to the rescheduling, Mr Virata personally guaranteed the Government's contribution to Planters' rehabilitation.

The Government is to pay Planters' subsidy claims of Pesos 335m (£15.5m) over a six month period

As a trade-off for Mr Virata's personal involvement in the rehabilitation programme, the foreign banks backed down from an earlier demand that Planters' debts be assumed by the Government.

India set to strengthen Soviet links

BY JOHN ELLIOTT IN NEW DELHI

INDIA'S long-standing friendship with the Soviet Union will be reinforced this week with agreements on trade and other links to carry the two countries together into the next century.

Mr Rajiv Gandhi, Indian Prime Minister, arrives in Moscow today at the start of a six-day visit which will be followed next month by visits to the U.S., France, and other Western countries.

This will launch him on to the international scene at the start of his premiership of India, which is the leader of the non-aligned movement and a major regional power in Asia. Both Mr Nikolai Gorbachev in Moscow and Mr Ronald Reagan in Washington will vie with each other to extend friendship.

But Mr Gandhi is in no doubt about which is his true friend. In a recent interview he said: "With the USSR we have had a very strong friendship. They helped us in building our industries and they have stood by us at times of need. So we appreciate that. The U.S. has let us down on a number of occasions — 1971 Bangladesh war, 1965 Pakistan, and on one or two defence items where we spent a very long time talking to them and ultimately they put conditions that were just not acceptable to us."

After more than a year's haggling and just four days before Mr Gandhi left for Moscow, the U.S. last Friday signed an implementation agreement on a memorandum of understanding for sales of computers and other high technology equipment to India.

But Mr Malcolm Baldrige, U.S. Commerce Secretary, made it clear after the signing ceremony that the U.S. is still concerned about leakage of its technology secrets through India to the Soviet Union, especially after the uncovering recently of a Delhi spy ring which supplied official Indian documents to France and East European countries.

Nevertheless, contracts for the sale of 19 U.S. computers worth about $11m, are likely to be signed soon after months of delays. Following the approval of the implementation agreement. Now the U.S. is offering to announce when Mr Gandhi is in Washington that the two countries will negotiate a similar memorandum on defence sales.

Talks are already in progress on this informally and on the sale of Hercules aircraft and other defence equipment. But India is wary of buying equipment from the U.S. because deliveries of the main equipment or spares might be cut off some time in the future.

There are no such stumbling blocks to dealings with the Soviet Union. India realises that it is often only getting second-rate or out-of-date equipment, albeit on extremely favourable financial terms. It regards this as a useful addition to its more modern Western-based projects.

In Moscow Mr Gandhi will sign a long-term agreement to the year 2000 on economic co-operation with a $1.2bn long-term credit arrangement for use in areas such as electric power, alternative energy, coal mining and heavy machinery, and steel.

Talks are also continuing on the Soviet Union possibly supplying a nuclear power station and on major defence sales.

These trade deals and a basic trust between the two countries will make Mr Gandhi's visit a warm and happy occasion.

Amal in bloody showdown with Palestinians

BY RICHARD JOHNS IN BEIRUT

THE mainstream Shi'ite militia, Amal, was yesterday engaged in a bloody showdown with Palestinian fighters in the refugee camps of Chatilla, Sabra and Bourg el Barajneh in the southern outskirts of the Lebanese capital. At least 17 people have died and over 150 wounded in the day-long clashes.

The fighting came as a surprising diversion to the heavy nightly exchanges between Moslem militias in West Beirut and the Christian "Lebanese Forces" in East Beirut which have continued for over three weeks.

The power struggle in the western sector seriously disrupted civil aviation operations. The fighting involved heavy exchanges of mortar, anti-tank, and rocket-propelled grenade fire and closed the main road to the international airport.

The showdown between Amal, the predominant Moslem militia in west Beirut and the south of Lebanon not yet vacated by Israeli occupying troops was triggered off by a minor incident in the middle of the night.

Shooting started after an Amal patrol had tried to disarm a young Palestinian on the perimeter of the Sabra camp.

The fighting underlined Amal's determination to keep the resurgent Palestinian movement in the country under control.

Amal is anxious to restrain the Palestinians from hostilities against Israel both during and after the final withdrawal of Israeli troops from south Lebanon scheduled for completion by the end of May.

S. African banks cut prime lending rate

By Jim Jones in Johannesburg

SOUTH AFRICA'S leading commercial banks are to cut their prime overdraft lending rate by one percentage point to 23 per cent, the second reduction since the start of May. The reduction, which will be implemented next week, follows a one percentage point reduction in the Reserve Bank's rediscount rates, the rates charged the commercial banks.

High interest rates were implemented by the Reserve Bank last August as part of a package of austerity measures designed to cut consumer spending and thereby reduce the country's relatively high inflation rate. At that stage prime overdraft lending rates rose sharply to 25 per cent and, apart from a brief period when the Reserve Bank orchestrated a reduction which coincided with critical by-elections in November, remained at that level until the first week in May.

Dr Gerhard De Kock, the governor of the Reserve Bank, said yesterday that the restrictive monetary policy had had "favourable results" on the economy. He added that the economy had cooled in the first quarter of this year, that gross domestic expenditure had continued to decline, that excess demand appeared to have been eliminated.

Kaunda's cure fails to stop the economic rot

BY PATTI WALDMEIR, RECENTLY IN LUSAKA

"THE IMF does not care whether you are suffering from economic malaria, bilharzia or broken legs, they will always give you quinine."

Despite the undercurrent of resentment in this rueful commentary by President Kenneth Kaunda of Zambia—a resentment shared by many in Africa where International Monetary Fund economic prescriptions are often vocally and sometimes violently opposed—there can be little doubt that over most of the past three years, Zambia has been taking the quinine.

The country is one of a handful of potentially-rich African nations such as Ghana, Uganda and Zaire which have recently been forced to test the path of IMF orthodoxy or face gradual economic collapse.

Since 1982, Zambia has undertaken an IMF-sponsored programme of economic reforms which has earned high praise from the West and made the country the focus of a major international rescue effort.

President Kaunda has substantially altered the socialist character of the Zambian economy since independence in 1964, doing what amounts to an economic volte-face: he has decontrolled virtually all wholesale and retail prices and slashed government subsidies while allowing wages to fall sharply in real terms.

In the face of resistance from the old guard of his own United National Independence Party (the country's only legal political party) the President has reversed many key policies of the first 20 years of independence: policies which he acknowledged, in a remarkably candid speech last July, had been "defeatist of the objectives of protecting the people from economic hardships."

In the past few months, however, Zambia and its international backers have been forced to face the fact that the cure administered so far has simply failed to stop the rot.

The acute balance of payments problems of recent years have reached crisis proportions as production of copper, which earns 90 per cent of Zambia's foreign exchange, continued to fall (last year's production of about 520,000 tonnes was some 50,000 tonnes short of the Government's target).

Shortages of imported tyres and vehicle spare parts are crippling road transport, while the railways struggle with too few locomotives and wagons.

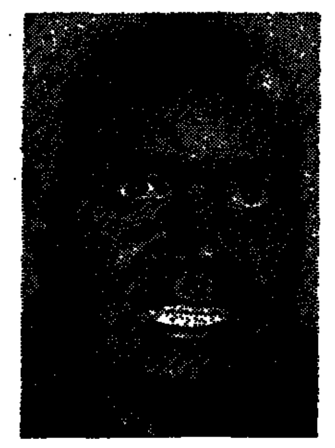
The mining industry also complains that shortages of inputs are seriously constraining its production, despite the fact that the mines already retain 25 per cent of their foreign exchange earnings to pay for imports, and perhaps consume a further 20 to 25 per cent in imported fuel and inputs for mining support industries.

In the past few years, the Government has been reduced to a kind of hand-to-mouth existence with regard to external payments. Deliveries of crude oil to the country's Ndola refinery were suspended late last month when accumulated arrears on Zambia's revolving oil credit facility with a consortium led by Bank of America exceeded $30m (£23.8m), the bank's cut off point for providing new finance.

At about the same time, the Bank of Zambia missed a crucial $7m repayment to the IMF. The Fund takes a serious view of arrears and Zambia cannot hope to resume drawings (currently suspended) on its SDR 225m (£286m) stand-by facility with the Fund until the repayment has been made.

Now IMF pressure is on Zambia to adopt a more radical approach to economic reform. This will mean in practice either a large devaluation of the kwacha (of a minimum 50 per cent initially with further large adjustments to follow), or the adoption of a limited auction system for allocating foreign exchange. This method would have the same aim of establishing a more realistic rate for the kwacha (K2.8 to the pound), which now trades at one quarter its official value on the black market.

IMF officials recently spent two weeks in Lusaka discussing exchange rate reform with the Government, and they are believed to have left with an



Kaunda—leading Zambia up the IMF path

agreement in principle for a more "active approach" to exchange rate adjustment but without solving the crucial question of exactly how devaluation is to be tackled. Insiders believe some form of auction system will eventually be chosen.

The delay could have serious implications for external payments. Zambia will be unable to resume drawings under its SDR 225m standby programme with the IMF (in virtual suspension since early this year) until formal agreement is reached on this issue. The absense of the IMF's stamp of approval on Zambia's economic programe could jeopardise the outcome of a planned consultative group meeting of Western donors set for early next month in Paris.

The political implications of a major exchange rate adjustment are clearly preoccupying Zambia's leaders. Either devaluation or an auction system would have a serious impact on living standards which have already declined sharply in recent years.

Zambian officials appear to have accepted that in order to stabilise the balance of payments in the medium to long term, non-traditional exports must be stimulated through devaluation. Copper exports will decline sharply by the year 2000 as ore reserves are exhausted, and the estimated K600m-£700m "pipeline" of unremitted profits, dividends and trade payments must be cleared to restore investor confidence.

It seems unlikel ythat either measure will lead to a dramatic improvement in the politically-important short term and Zambia would appear to have little alternative but to depend on concessional flows from the West to bridge the gap.

AMERICAN NEWS

U.S. begins broadcasting radio service to Cuba

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

RELATIONS between the U.S. and Cuba, which have recently shown signs of tentative improvement, suffered a sharp setback yesterday after the U.S. began beaming a controversial Spanish-language radio service to the island.

The first news item broadcast from Florida by Radio Marti at 5.30 am yesterday was an account of the Cuban Government's angry retaliatory measures to the service's introduction. Named after the revered 19th century Cuban poet and independence fighter, Jose Marti, the station is intended to provide Cuban listeners with an American angle on U.S., Cuban and world affairs.

Protesting at the station's activities as an insult to the Cuban people, Havana suspended an immigration agreement concluded by the two countries in December. It warned that relations with Washington "would be more difficult for a long time."

It said that all visits to the island by Cuban-Americans would be halted immediately, except for those "on strictly humanitarian grounds" and warned that Cuba would adopt "additional measures relating to communications between the two countries."

The immigration agreement, the most significant development in U.S.-Cuban relations since the Reagan Administration took office in 1981, provided for the U.S. to send 2,700 "undesirables" back to Cuba and receive up to 3,000 Cuban political prisoners in return.

The "undesirables" are alleged criminals and mental patients detained in the U.S., most of whom left Cuba in the Mariel boatlift in 1980. While the "undesirables" started returning to Cuba in February, the first planeload of Cuban political prisoners arrived in the U.S. only yesterday.

Yesterday Havana said it was now "unquestionable that the U.S. Government is trying to create tensions and conflicts about Cuba."

Mr Larry Speakes, the White House spokesman, yesterday said that the Cuban reaction "speaks volumes." By suspending the immigration agreement, and reportedly also a high-jacking agreement, Cuba was "aligning itself with criminals," he suggested. The purpose of Radio Marti was to provide "an accurate balanced news report," he added.

The radio station, however, has been controversial in the U.S. ever since plans for its creation were announced in 1981—with American liberals and many Latin American experts regarding it as likely to be excessively right-wing and unnecessarily provocative.

U.S. commercial radio stations have been concerned that Cuba will retaliate by jamming their own regular English-language broadcasts.

Cuba yesterday also threatened to start a battle of the airwaves by launching its own radio broadcasts to the U.S.

Radio Marti is broadcasting a mixture of news, interviews, music and soap operas for 14½ hours a day. Its first hour yesterday featured U.S. and international news, interspersed with anti-Castro commentary.

Cuomo unveils S. Africa measures

By William Hall in New York

GOVERNOR Mario Cuomo of New York, a rising star in the Democratic Party, has unveiled a comprehensive attack on South Africa's apartheid regime involving the sale of billions of dollars of state investments over the next five years.

Governor Cuomo issued a 10-page policy statement over the weekend outlining his plans. These include proposed legislation forcing state pension funds to divest shares in companies linked with South Africa, and the creation of a state commission on South African investment which will monitor the disengagement programme.

He said he had concluded that New York state should adopt a "comprehensive and responsible strategy to demonstrate the abhorrence of our residents to this pernicious system of apartheid."

Last January in his state message, Governor Cuomo said that state funds must not be used to support the system and since then he has been working on proposals to implement his ideas.

Several New York city and state pension funds have already moved to divest themselves of their holdings in South African related shares but Governor Cuomo's initiative is one of the strongest attacks to date by a prominent U.S. political figure.

Governor Cuomo plans to introduce legislation shortly which will oblige the State Comptroller and the trustees of the pension funds to divest holdings in a series of steps.

By 1986 the state will begin to sell its holdings in companies doing business directly with the Government of South Africa and with any of the 210 U.S. companies that employ black South Africans but have not signed the Sullivan code of conduct. The code lays down certain standards which U.S. companies in South Africa are expected to meet. The divestiture will escalate over the following years so that by 1990 the state will be obliged to sell its holdings in any company that does business in South Africa.

Latin Americans seek debt dialogue

BY HUGH O'SHAUGHNESSY IN LONDON AND JIMMY BURNS IN BUENOS AIRES

THE BONN summit of industrialised countries has come and gone, and many Latin American governments are nursing a grievance. They feel that the social and political problems resulting from their massive indebtedness of $360bn—falling health standards, increasing malnutrition and instability—were not treated seriously enough in the West German capital. They are pondering what new steps can be taken.

Eleven Latin American heads of state had signed a joint letter to the summiteers calling for a political dialogue on debt problems which was deliberately couched in moderate language. The response to it, they feel, was disappointing.

Many Latin Americans felt it would be. As the leaders of the creditor nations were gathering in Bonn, economic experts met in the Santiago Chile headquarters of the UN Economic Commission for Latin American and the Caribbean (Eclac) to map out the region's immediate strategies. Eclac officials have already prepared and published academic papers on the desirability or otherwise of establishing a "debtors' club," of declaring moratoriums on debt payments, and the costs involved if such moratoriums were to be declared.

The Eclac experts in their formal conclusions limited themselves to commenting: "Since the system of international economic relations operated on the basis of power, it was felt that it would be necessary for the region to take the essential steps to organise and jointly exert its bargaining power at the international level with a view to defending its sovereignty and interests more effectively."

The Cartagena group claims its debt related problems won scant attention from creditors at the recent Bonn summit.

In other words the idea of a "debtors' club" is still far from dead. One of the most influential figures at the Santiago meeting was Sr Enrique Iglesias, former executive secretary of Eclac who earlier this year was appointed Foreign Minister in the newly-elected Government of Uruguay. During his time at Eclac, Sr Iglesias was one of the intellectual forces behind the emergence of the Cartagena group of Latin American debtor countries. Now in government, he is ad hoc secretary of the group.

Sr Iglesias, in an interview in Montevideo, said: "There has been complacency in the North that the crisis is over and that nothing more needs to be done. I think it is my responsibility to issue a warning that this is not true and that we are vulnerable to unexpected events which could be damaging to the world financial system.

"Last year Latin America's performance apparently improved thanks to the U.S. trade deficit: this year the situation has been deteriorating. Interest rates have not dropped and the capacity of the region to export has been reduced."

Over the next few months, the Cartagena group will continue to press for their creditors to agree that the Latin American economies must be allowed not merely to stagnate as they wrestle with their debt problems but to grow—with the aid of new money.

The tone of exchanges between Latin America and its creditors will be set to a large extent by the degree of understanding that the Alfonsin government in Argentina and the Sarney administration in Brazil will establish with the International Monetary Fund. The omens are not good. Earlier this year the IMF blocked a $400m (£317.4) disbursement to Brazil and has yet to agree a $1,420m standby loan to Argentina. Brazil and Argentina together owe some $150bn to foreign creditors.

No one has forgotten that Peru will soon have a new President, Sr Alan Garcia. He has repeatedly insisted that Peru, which is already $500m in arrears with creditors, will not pay out more than 20 per cent of its export earnings on the service of Peru's foreign debt of $14bn. Senior bankers confidently predict a rapid confrontation between Sr Garcia and Peru's creditors later this year.

The dialogue between Latin America and the banks could turn acrimonious later this year.

Delayed tax refunds boost U.S. incomes

By Nancy Dunne in Washington

U.S. after-tax personal income jumped 2.9 per cent in April, the largest gain on record, thanks to a surge of Internal Revenue refunds which had been delayed by computer troubles, the Commerce Department said yesterday.

Disposable income had declined 0.4 per cent in March and 0.7 per cent in February as a result of the IRS problem, but tax officials say the computer troubles have now been remedied.

Personal income grew 0.6 per cent in April and spending rose 0.7 per cent after a 0.2 per cent drop in March.

Mr Robert Ortner, the chief economist of the Commerce Department, said the growth in consumer spending is helping to sustain a modest economic expansion along with a healthy housing industry and outlays by the Government for military hardware.

Pentagon under fire over unplanned defence savings

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

A FRESH controversy over U.S. defence spending erupted yesterday after a leading Congressman claimed the Pentagon had enjoyed windfall benefits of anything from $18bn (£14.4bn) to $50bn over the last four years, thanks to exaggerated inflation estimates.

Mr Les Aspin, Democratic chairman of the House armed services committee, said that while he was not suggesting any wrong-doing, the funds constitute an "unplanned" and "secret" dividend for the Pentagon. The money had been absorbed into a "trackless tangle of vast and vanishing funds," he said.

The Pentagon, however, was quick to challenge Mr Aspin's interpretation of the savings, claiming they were a "remarkable achievement," due largely to good management and increased competition for defence contracts.

The issue is particularly sensitive as the House is today to start debating a proposal from its budget committee to freeze defence spending next year. The Administration strongly opposes the proposal.

Mr Aspin charged that by over-estimating likely inflation rates the Pentagon had persuaded Congress to authorise more money each year than it needed. Mr Caspar Weinberger, the Defence Secretary, responded that as a result of the savings, "we're getting a lot better defence for the price." As for the surplus money, "we give it back and ask that it be applied to next year," he said.

Congressional aides said that while very little unspent money is actually returned to the Treasury, Congress is sometimes able to reduce future military appropriations once it calculates the amounts saved by lower-than-expected inflation rates.

El Salvador peace talks stalled

BY DAVID GARDNER IN MEXICO CITY

PROSPECTS FOR third round of talks to end El Salvador's five-year civil war between the U.S.-backed Government of President Jose Napoleon Duarte and left-wing insurgents are being clouded by differences over how, when, and where the new talks should take place.

President Duarte, now on a 10-day visit to the U.S., said over the weekend that he was prepared to talk peace with the rebels anywhere, "in El Salvador, the U.S. or China."

In practice, however, neither side has been able to agree to the other's proposals, six months after the second round of talks, at Ayagualo in El Salvador, broke up leaving the warring parties as far apart as when they began.

Sr Duarte's Christian Democrat Administration is proposing a series of private talks to work out a minimum basis of agreement prior to any public meeting.

The Christian Democrats have also been insisting that Sr Joaquin Villalobos, the most powerful and politically maverick of the insurgent commanders, whose People's Revolutionary Army (ERP) was not present at either of last year's encounters, attends the talks.

If Sr Villalobos agrees, Costa Rica is a possible venue for the new meeting.

The rebels for their part have called for a high level meeting on June 15 in Perquin, in the ERP stronghold of Morazan in north east El Salvador.

This round would be preceded by a private and preparatory meeting of the joint, Government-insurgent commission set up at Ayagualo, which though it has never met, has as its brief the examination of all peace proposals.

Dr Guillermo Ungo, the senior insurgent leader, said in an interview with the FT here that Sr Duarte "should say publicly whether he abides by what was agreed" at Ayagualo. Asked whether Sr Villalobos would be present at a third round, Dr Ungo said "draw your own conclusions"; the proposed venue of Perquin is close to Sr Villalobos's headquarters.

Rebel leaders argue that an open-ended series of private meetings could meet the fate of the Manzanillo talks between Nicaragua's left wing Sandinista's and the U.S., which were suspended in January after eight meetings with neither side committed publicly to anything.

Though senior Christian Democrats argue that a third public meeting with no progress would bury the fragile peace process, they are keenly aware that the highly publicised first two meetings in El Salvador served to confer greater legitimacy on the rebels.

The high command of the 50,000-strong Salvadorian army, the final arbiter of power in the country, was particularly infuriated by the insurgents' use of domestic television coverage at Ayagualo to publicise their progress.

Trinidad and Tobago GDP falls by 7.4%

By Canute James in Trinidad

THE deterioration in the economy of Trinidad and Tobago, which started with the softening of the oil market four years ago, continued last year with gross domestic product falling by 7.4 per cent, according to the annual report of the central bank.

This followed a decline of 5.2 per cent in 1983 and has come with rapid erosion of the country's once healthy foreign reserves.

These fell to $1.16bn (£928m) at the end of December, meaning reserves stand at a third of what they were at the end of 1983.

The bank reports an improvement in the balance of payments last year with the deficit falling to $790m against $1.08bn in 1983. An improvement was also recorded in the fiscal deficit which fell to $541m from $950,000 in 1983.

WORLD TRADE NEWS

Ford cancels order for BMW diesel engines

BY JOHN GRIFFITHS

FORD U.S. has effectively cancelled its order for car diesel engines from BMW. It is taking only 4,000 out of the 190,000 originally envisaged when an agreement was first signed between the two companies in 1982.

No value was placed on the contract at the time of signing, but a BMW spokesman said yesterday that Ford would pay a proportion of the agreed contract price.

The supply contract extended over several years, with the engines to be produced by BMW Motoren Gesellschaft, BMW's subsidiary based in Steyr, Austria.

Ford's move follows the virtual collapse of the diesel car market in the U.S. since 1980. In the immediate wake of the 1979 oil crisis, the U.S. industry began gearing itself for a major upsurge in diesel car sales.

However, problems with diesel cars launched by General Motors, the U.S. market leader, did much to undermine the diesel's appeal.

Subsequently, the eased pressure on oil prices has also moved U.S. car buyers away from fuel economy as a prime consideration of purchase.

Ford was to use the BMW engine in a variety of cars, as an alternative to investing in its own production facilities.

The loss of the Ford contract is a blow to BMW's Austrian operation, but not a severe one. The Steyr plant is used primarily to produce petrol engines, on which the diesel unit is based. The company still intends to proceed with a programme to double output from the Steyr plant over the next four years, from the current 150,000.

'Anti-protectionist battle must be fought with zeal'

BY CHRISTIAN TYLER, TRADE EDITOR, IN SAINT GALLEN, SWITZERLAND

THE BATTLE against trade protectionism had to be fought with "the same missionary zeal" as the battle against inflation, Dr Fritz Leutwiler, former president of the Bank for International Settlements, told a conference of businessmen in St Gallen, Switzerland, yesterday.

Dr Leutwiler, as chairman of the independent group of businessmen and academics which reported recently on the future of the world's trading system for the General Agreement on Tariffs and Trade, upbraided political leaders for their lack of action in tackling the problem. "I would have expected more courage and initiative from the Bonn summit," he said.

The situation would really change when the pressure of consumers and taxpayers on politicians became irresistible.

With a public informed about the true costs of protectionism in terms of jobs lost and higher prices paid, the battle against such defensive measures could still be won.

A precondition of mobilising public opinion was to make trade policy measures transparent, Dr Leutwiler said.

Mr Arthur Dunkel, director-general of Gatt, told the conference, organised by the Saint Gallen graduate school, that progress towards trade liberalisation was "agonisingly slow."

Mr Dunkel criticised publicity given to the failure of the Bonn summit leaders to agree on a starting date for new trade negotiations in the Gatt. He pointed to the fact that there was consensus for talks among all industrialised country members of the Gatt. "Great efforts" were being made however, to enlist developing country support.

The director-general warned against a growing tendency, especially in the U.S., to seek bilateral trade agreements between nations.

Haggling holds up Danube power plans

By Patrick Blum in Vienna

AUSTRIA, Czechoslovakia and Hungary are locked in complicated endeavours to find agreement on building two interconnected hydroelectric power plants on the Danube in Czechoslovakia and Hungary, in a project which could cost up to Sch 15bn (£549m).

Discussions on the project which have been going on for about four years between the three countries have become bogged down by haggling over who will benefit most, and on how it will be financed.

Czechoslovakia is eager to go ahead with the project and has started preparatory work at a site near Gabcikovo, where the Danube marks a natural border with Hungary.

The Hungarians, however, appear to be having second thoughts on grounds of costs and because of domestic environmental objections.

The Austrians, and more especially the Austrian building industry and electricity companies, are eager for the project to go ahead, following the now exceedingly uncertain fate for the construction of a power plant of their own at Hainburg near the Czechoslovak border.

The Verbundgesellschaft, the Austrian national electricity facility, is seeking to put together a financing package of Sch8bn towards a project in exchange for electricity from the Hungarians.

Austria's electricity needs have grown considerably in recent years and as a result, electricity imports have increased sharply and so has Austria's dependence on East bloc energy supplies.

The three countries have not yet been able to agree on their level of participation in the project.

Herr Gunther Nenning, a leading spokesman for the Austrian environmentalists and a former Socialist Party member, opposes the project and has recently been in contact with Hungarian and Czechoslovakian environmentalists to co-ordinate opposition.

Environmental groups from Bavaria — because of West German concerns over the Danube — from Austria, Hungary and Slovakia, are now co-ordinating their opposition to the project.

Top-level U.S.-Soviet trade talks start

BY PATRICK COCKBURN IN MOSCOW

THE HIGHEST-LEVEL meeting on trade between the U.S. and the Soviet Union since 1978 started yesterday in Moscow at the first session of the Soviet-American Joint Commercial Commission.

The U.S. delegation is led by Mr Malcolm Baldrige, U.S. Secretary of Commerce. Although Mr Baldrige's visit indicates some thaw in discussion on bilateral trade, the two-day meeting of the joint commercial commission is unlikely to produce any breakthrough.

Mr Nikolai Patolichev, the Soviet Foreign Trade Minister, began the discussion by saying: "What we need is confidence that the signed contracts will be fulfilled in their entirety."

In an oblique reference to the U.S. embargo on high-technology exports to the Soviet Union, Mr Patolichev said that "U.S. businessmen should bear in mind here that the Soviet Union has no intention of buying equipment and processes which are not up to present-day standards."

Last year, U.S. exports to the Soviet Union, mostly of grain, were worth only $3.3bn (£2.7bn) and imports $300m.

Mr Patolichev added that the limited trade between the two superpowers, comprising primarily the purchase of U.S. grain and animal feedstuffs and the sale of Soviet oil products, does "not accord with the potentialities of the two countries."

He said this was largely because the Soviet Union was denied most-favoured-nation status in the U.S.

West European and Japanese companies are showing heightened interest in the potential of the Soviet market because the next five-year plan for 1986-90 will soon be published.

In contrast to previous policy, Moscow has signed a number of turnkey contracts with foreign companies over the past year.

The aim is to remedy the shortage of certain items by the speedy completion of plant and to alleviate the strain on Soviet resources, including manpower, by making sure the contracts are turnkey ones. Examples of this include an Italian contract for three shoe factories and an Austrian project to produce wire for tyres.

British companies are currently bidding for two turnkey petrochemical plants each worth £500m.

Soviet capacity to pay has improved in recent years as it runs a current account surplus.

Foreign debt has been stable at $10bn since 1976. The drop in oil prices was made up for by increased exports of crude last year worth some $12bn and another $3bn for gas.

Although the import of 47m tons of grain last year cost the Soviet Union $6.5bn (£5.4bn) it has benefited from the price of oil, its main export, being denominated in dollars.

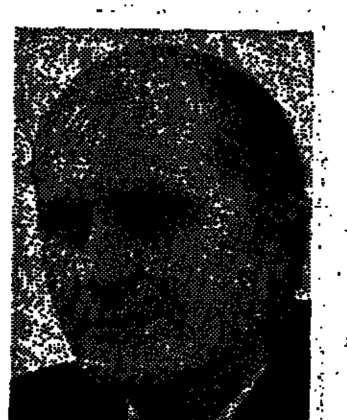
It has also tried to draw more of its machinery imports from Eastern Europe where it has a cumulative trade surplus.

Grain sales by the U.S. to the Soviet Union are not being discussed by Mr Baldrige and will be handled in separate negotiations later this week.

The emphasis which President Reagan's Administration has given to the limitation of high-technology exports to the Soviet Union probably ensures that U.S. companies will win few significant contracts from Moscow in the foreseeable future.

Even if political relations between the super-powers improve the Soviet Union would still be chary of awarding contracts which might not be completed.

The Soviet Union denies that these controls hurt them. An article in the daily Socialist Industry last Friday denounced the prohibition as "absurd." Claiming that "a fifth of all patents on new technology and equipment" are taken out in the Soviet Union or its allies.



Mr Malcolm Baldrige

The newspaper says that the prohibited list of the Co-ordinating Committee for Export Controls (Cocom) to the Eastern bloc now includes about "half the goods in circulation in the world market."

Italy relaxes rules on export finance

By James Buxton in Rome

THE ITALIAN Government is making significant relaxations in the foreign exchange regulations which restrict companies from borrowing in foreign currency to finance exports, and is simplifying the elaborate foreign exchange procedures that bedevil export and import transactions with Italy.

The Ministerial decree, issued at the weekend by Sig Nicola Capria, Minister of Foreign Trade, and subject to Treasury Ministry and Finance Ministry approval, makes a further step in the liberalisation of the Italian foreign exchange regulations. It received a cautious welcome from exporters yesterday.

The decree allows Italian residents to borrow in EEC countries up to a value of L500m (£202,000) for an unlimited period and without prior authorisation.

For operations of a minimum of two years and with official authorisation, the maximum borrowable in EEC countries is now to be L3bn.

The decree also permits a sharp speeding-up of procedures for import and export transactions.

EUROPEAN COMMERCIAL VEHICLES

Bid to rebuild profit margins

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A NEW emphasis towards rebuilding profit margins rather than on vigorous price competition for sales is taking hold within the European commercial vehicle industry, DRI Europe says in its latest trucks forecast report.

But pricing will remain keen, because 'the burden of excess capacity in European plants will continue to overshadow the industry." There will be very little let-up in the struggle for market share in the European markets, it maintains.

"Takeovers, plant closures, joint ventures to share the costs of major components are set to continue as persistent financial losses force the pace of structural change."

DRI also points out that the Japanese, so far not very heavily involved in the medium and heavy-sector of the struck market, are showing a growing interest.

At the Brussels Show in January, Toyota, Mazda and Isuzu all exhibited trucks in and Mitsubishi presented the six-tonnes range, and Hino medium rigid trucks in the 10 to 15 tonnes class.

"This is a development that augurs increasing competition in "neutral" countries, such as Belgium itself, even if the Japanese presence in this weight range is currently slight.

MEDIUM/HEAVY EUROPEAN TRUCK PRODUCTION (000's)

	1980	1984	1985	1986	1990	1995
Germany	180.9	118.1	129.0	133.7	147.2	158.9
France	61.3	40.3	35.6	36.8	40.2	41.0
UK	106.5	50.4	50.9	52.8	52.3	51.9
Italy	42.2	39.4	47.6	48.8	50.9	55.4
Spain	22.7	16.0	17.6	17.6	21.2	23.6
Sweden	55.1	55.0	56.0	57.9	63.2	69.3
Netherlands	15.9	12.4	12.3	12.8	13.5	14.0
TOTAL	484.5	331.5	349.0	360.3	388.4	414.2

Source: DRI Europe

"Although the six tonnes sector is seen as the most likely candidate for greater Japanese penetration in the near term, Mitsubishi (which has assembly operations in Portugal and Holland) and Hino (which recently came close to a joint production deal with Britain's ERF) are clearly concerned to maintain a European profile at higher weights." the report states.

The 175-page report covers demand and production of trucks by gross vehicle weight sector for 11 European markets up to 1995.

It predicts that during that period, Daimler-Benz, the Mercedes group of West Germany, will increase its penetration of the over-6 tonnes sector in Europe from 25.7 per cent this year to 28.7 per cent in 1995.

The two Swedish heavy truck producers, Volvo and Scania, are also forecast to improve their market shares: Volvo from 8.8 per cent this year to 9.8 per cent and Scania from 5.9 per cent to 6.5 per cent.

UK-based producers, Leyland, Ford and General Motors-Bedford, are among the companies DRI expects to lose their market share.

However, Ford is predicted to make most headway in the sector for commercial vehicles up to 6-tonnes.

The other major "winner" in the sector during that time is forecast to be Motor Iberica.

The DRI European Trucks Service Forecast Report from 30, Old Queen St, London SW1H 9HP; price: £950

HK group in China joint food venture

By David Dodwell in Hong Kong

DAIRY FARM, the retailing and food distribution arm of the Hongkong Land Group, yesterday agreed a Renminbe Yuan 50m (£14.2m) equity joint venture in Guangdong intended to develop China's food processing industries.

The new joint venture company, the International Food Corporation (IFCO), will be 70 per cent-owned by Dairy Farm (Guangdong), with the remaining 30 per cent held by the Guangdong Food Industry Technical Development Corporation.

Under a 30-year contract, Dairy Farm has agreed to provide management expertise and new techniques and technology in ventures ranging from the processing of meat, vegetables and fruit to the manufacture of biscuits, sweets, drinks and ice-cream.

Much of the output is intended for export, using Dairy Farm's distribution networks in Hong Kong, Singapore and Australia.

Dairy Farm already relies heavily on Guangdong Province as a supplier of fresh foods for its retail and wholesale outlets throughout Hong Kong.

This ranges from eggs, fresh milk, rice, fruit and vegetables to general household goods.

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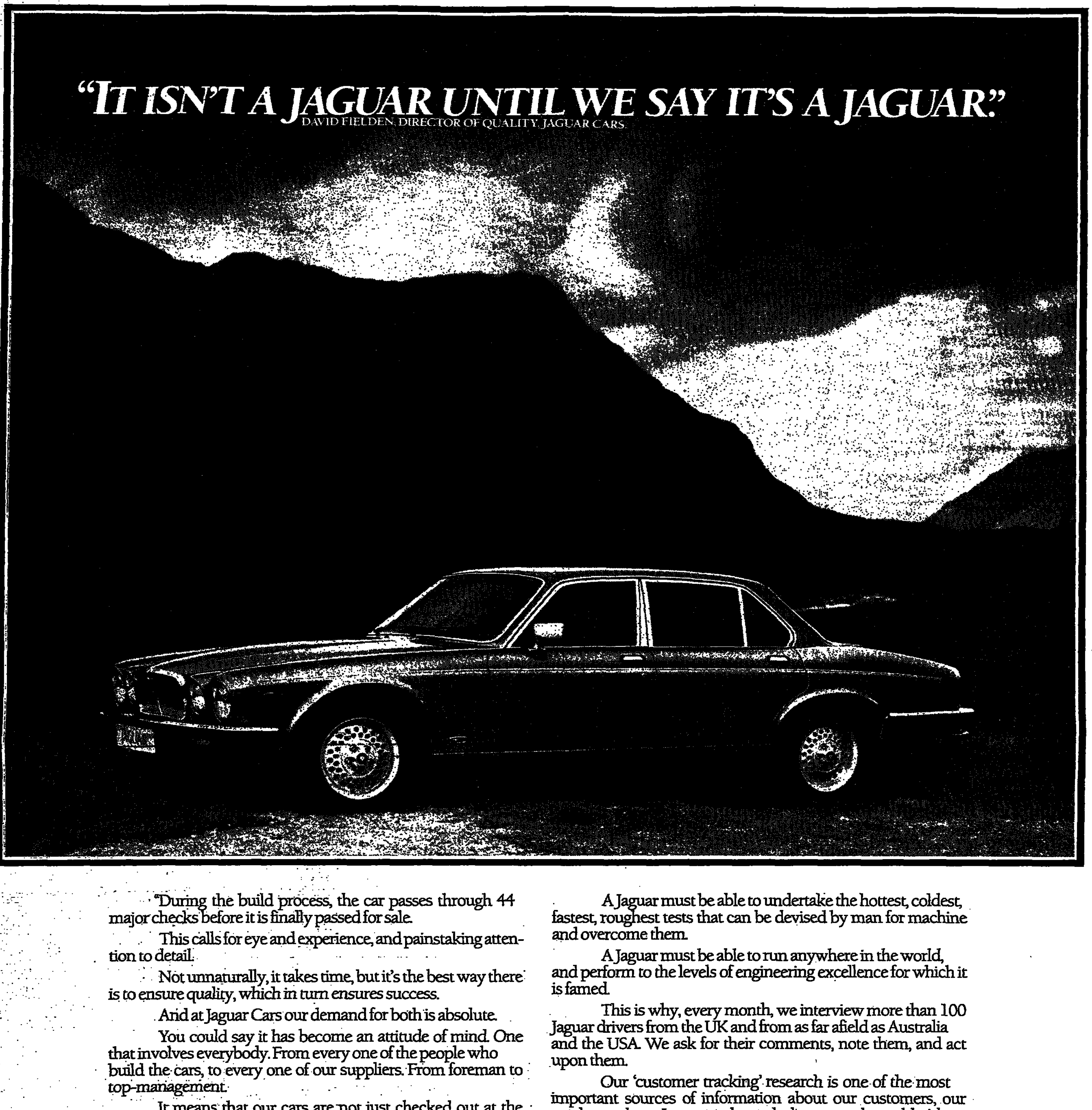

"During the build process, the car passes through 44 major checks before it is finally passed for sale.

This calls for eye and experience, and painstaking attention to detail.

Not unnaturally, it takes time, but it's the best way there is to ensure quality, which in turn ensures success.

And at Jaguar Cars our demand for both is absolute.

You could say it has become an attitude of mind. One that involves everybody. From every one of the people who build the cars, to every one of our suppliers. From foreman to top-management.

It means that our cars are not just checked out at the end of the assembly line, they're checked throughout every part of the manufacturing process.

Every component is tested during development and tested again during production.

We test through thousands of hours of continuous usage: way beyond the normal life span of component or car.

We use specially constructed rigs to test the performance and endurance of everything, from power steering gear to electric aerials. From eliminating the squeaks from an ashtray, to ensuring brake efficiency from maximum speed.

We have more cars on environmental test in more places than ever before. In extremes of climate and in the most extreme of conditions.

From temperatures as high as plus 52°C in the deserts of the Middle East, to minus 40°C below freezing in the arctic conditions of northern-most Canada.

A Jaguar must be able to undertake the hottest, coldest, fastest, roughest tests that can be devised by man for machine and overcome them.

A Jaguar must be able to run anywhere in the world, and perform to the levels of engineering excellence for which it is famed.

This is why, every month, we interview more than 100 Jaguar drivers from the UK and from as far afield as Australia and the USA. We ask for their comments, note them, and act upon them.

Our 'customer tracking' research is one of the most important sources of information about our customers, our products, about Jaguar and our dealer network worldwide.

This feedback is more immediate than any service information. And it enables us and our dealers to get back quickly to a customer, when necessary, to satisfy him completely.

This is not only good customer relations, it's good business sense. It allows us to monitor improvements and helps us get our cars right.

It means, too, that we can ensure that Jaguar owners everywhere continue to relax in the quiet ambience of walnut and leather.

Then, and only then, are we prepared to call a Jaguar a Jaguar."

JAGUAR The legend grows
JAGUAR CARS LIMITED, ENGLAND.

JAGUAR 3.4 £14,795. JAGUAR 4.2 £16,895. JAGUAR SOVEREIGN £19,795. JAGUAR SOVEREIGN H.E. £22,795. PRICES, BASED UPON MANUFACTURER'S RRP AND CORRECT AT TIME OF GOING TO PRESS, INCLUDE SEAT BELTS, CAR TAX AND VAT. (DELIVERY, ROAD TAX AND NUMBER PLATES EXTRA.)

Underwriters told Minet losses could rise sharply

BY JOHN MOORE, CITY CORRESPONDENT

INSURANCE underwriting losses of £130m which have fallen on a group of 1,525 Lloyd's of London underwriting members could rise significantly.

Underwriting members of Lloyd's, whose affairs are managed by Richard Beckett Underwriting Agencies, part of Minet Holdings, the insurance broker, now fear that other substantial losses may arise in the future.

Accountants Price Waterhouse are carrying out a special investigation on behalf of a steering group of underwriting members in an effort to find out the reason behind the losses, one of the worst trading problems to emerge in Lloyd's recent history.

The Richard Beckett agency has told the members that they will have to be prepared to find £60m from their own resources in order to fund £130m which are expected to fall on underwriting syndicates, in which the members are grouped, over the next few years.

The agency has made various assumptions that the interest earned on the £60m of funds will be sufficient to meet the expected £130m of losses. Accountants and underwriting members are now worried that unless the assumptions are correct they could have to pay more into the funds. They argue that:

- If interest rates fall further funds will be needed.
- Much of the insurance business which produced the losses came from the U.S. Adverse currency movements could swell the amount of insurance claims.
- The programme of protection, in the form of reinsurance arrangements, has already been described as "inadequate" by the agency. If existing reinsurers do not pay up on claims made against them by the underwriting members, then the claims will have to be funded from the members' own resources.

So far the indicated funding requirements of £60m and the indicated future losses of £130m have made allowance for future reinsurance recoveries. Underwriting members are angry that part of the reinsurance protection arranged for them was cancelled when the agency recovered £40m of funds allegedly misappropriated from the members' money. Part of the reinsurance programme has not been replaced.

CAA will retain top regulatory function

By Michael Donne, Aerospace Correspondent

THE CIVIL Aviation Authority (CAA) is to retain its position as the principal aviation regulatory body in the UK, but will be able to call on the Office of Fair Trading (OFT) for support in examining complaints of anti-competitive trading by individual airlines.

The two bodies will work closely together in determining whether individual airline applications for route licences involve anti-competitive behaviour, or where complaints of such behaviour are made to the CAA.

Where the CAA believes that its existing powers are either inadequate or inappropriate, it can call on the OFT for further investigation.

This broad procedure has been agreed after the Government's White Paper (policy document) on airline competition policy last year in which it was revealed that the Director General of Fair Trading would be required to support the CAA more closely, where anti-competition matters were involved.

It is thought likely that the CAA's own powers will generally be adequate to deal with most complaints of anti-competitive behaviour

£1.5m campaign seeks to halt slump in motorcycle sales

BY ALAN WRAIGHT

THIS WEEK sees the start of a £1.5m advertising campaign aimed at improving the image of motorcycling and arresting a market slump that has seen sales tumble from 315,000 in 1980 to 144,000 in 1984.

The advertising account of the Motor Cycle Association (MCA), which co-ordinates importer policy decisions, has been won by Saatchi & Saatchi in the face of competition from five other agencies.

Advertisements, featuring the slogan "Free with every motorcycle. You." Will run nationwide on television from May 20 to June 24, while from June 10 publicity leaflets will be delivered to some 12.2m homes throughout the UK.

A cinema advertisement will be shown with the new James Bond film A View to Kill, which it is estimated will be seen by about 10m people, and advertising space will be taken in newspapers and magazines.

The money for the campaign will be raised by a levy on new motorcycle sales, which are forecast to reach about 120,000 this year. Dealers will contribute £6.50 for each model sold, with another £12.50 contributed by the main importers – Honda, Yahama, Suzuki, Kawasaki and BMW.

Importers such as MZ of East Germany and Tomos of Yugoslavia are not taking part.

It is hoped that the levy will raise £1.9m. The MCA says the £1.5m figure for the campaign has been pitched on the safe side to allow for contingencies.

The MCA was encouraged to go ahead by the success of a pilot scheme in the south-west of England last summer. In that region, motorcycle sales fell by only 2 per cent then, compared with a decline of 20 per cent in the rest of the country.

Mr Gerald Davison, director of Honda (UK), Britain's biggest motorcycle importer with 39.6 per cent of sales, describes this result as good enough to convince those doubters in the industry that the MCA should go ahead with a similar project nationwide.

The industry's problems are due in part to high youth unemployment – the 16 to 24-year-old age group traditionally being a happy hunting ground for motorcycle importers. At the same time, the working population is under less economic pressure than after the 1973 oil crisis, which resulted in a boom in sales until 1980, the second highest sales year on record.

In the light of these problems, Honda has decided to modify its sales strategy and to remodel its dealer network in an effort to give its machines a higher profile to the general public.

There are at present 650 Honda dealers in the UK – down from a peak of 750 to 800 four years ago. From next January 1, 1986, the company will have 120 regional dealers, each with a population area of about ½m people. These regional dealers will supply models to 180 motorcycle shops which are at present supplied directly by Honda, but which each take fewer than 30 bikes a year.

The regional dealers will also start to establish what Mr Davison refers to as satellite points – areas of display in locations such as department stores, shopping and garden centres. These are unlikely to be points of sale unless back-up facilities, like pre-delivery inspection and servicing, are made available on site.

A move in this direction has aleady been made with the launch this month of the Honda Vision moped, which will go on display in showrooms of Visionhire, the television rental company.

Mr Davison took over responsibility for Honda (UK) two years ago. Before then, Honda had been criticised for turning a blind eye to some of its dealers supplying models to non-franchised "pirate" outlets. Together with other members of the MCA executive, he has been able to instigate more orderly marketing in the UK and a move away from the heavy discounting policies which have damaged the industry.

Textiles chief faces dilemma sewing up a new MFA deal

Anthony Moreton on two crucial years facing the new chairman of the British Textile Confederation

THE UK textile industry is in a healthier position today than it has been for a number of years according to Mr. Harry Leach, the new president of the British Textile Confederation.

"There is a positive belief in its ability to survive. A few years ago, when the exchange rate stood at $2.40 to the pound, it was extremely difficult to say that," he says.

The Multi-Fibre Arrangement (MFA) – the world agreement that regulates about 80 per cent of international trade in textiles and trade – is going to occupy a considerable part of Mr Leach's two-year presidency.

It was introduced in 1974 to allow Western industry to put its house in order and give the low-cost suppliers increased access to these rich markets. The MFA has been twice renewed and now expires in July 1986.

Mr Leach will be at the centre of representations, largely centred at the EEC's headquarters in Brussels but also involving the General Agreement on Tariffs and Trade (Gatt) in Geneva, for the next 14 months. His role in these talks will be unique because this month he also assumes the presidency of Comitextil, the European association of national textile confederations, the first time a national president has been simultaneously president of Comitextil.

The possibility of a conflict of interest arising between his advocacy of national policies and his need to reconcile conflicting views (Comitextil comprises two camps; a liberal group on trade protectionism led by Germany and hardliners led by France) causes him some anxiety.

He is, however, fortified and not a little relieved that in the Brussels offices of Comitextil, the British team will be led, at least until the middle of next year, by Mr John Lister, ICI Fibres' ebullient chairman who has led the confederation for the past two years.

The two have much in common. Agreeable companions, they are approachable, held in respect by their peers and laugh easily. But whereas Mr Lister responds quickly to questions Mr Leach puffs on his ever present pipe reflectively before responding.

"There are plenty of problems still facing the industry," he says. "Young people in the schools are being warned off it and those who have overcome this hurdle find opportunities for further training increasingly closed to them as university departments shut and colleges of further education cut back on their facilities.

"The industry itself is also only just beginning to appreciate it has been living in the last few years on the surplus technical staff thrown up by factory closures.

"We are pressing the Government hard to increase its commitment to this aspect of training and would like the £20m which the Government had promised for investment, but which Brussels vetoed, to be diverted to this area."

Mr Leach is also concerned at the disappearance during the depression of important parts of the industry, such as fine-cotton spinning, filament weaving and much of printing.

"I certainly don't see any of this coming back. We are now part of a European market and with no tariff barriers between members this work will not come back from Italy or France."

But the big issue that will overshadow most of his presidency will undoubtedly be the MFA. He welcomed the recent statement by the Government that it would work for an extension of the MFA but had reservations at the price to be paid – increased liberalism within international Gatt trade talks.

"The industry is in a bit of a dilemma about the official approach. Do we cheer the commitment to a renewed MFA or show concern about the proposed terms?" Sitting in the Comitextil president's chair he will soon have to resolve that dilemma.

He knows the path towards resolving the dilemma, though. "If we don't get a properly negotiated MFA then one of its original aims, increased support for the low-cost suppliers through greater access to our markets, will never be achieved. The only beneficiaries will be countries like South Korea and Hong Kong which are now virtually developed countries.

"If we don't get an MFA how are we going to help those who really need our assistance, countries like Bangladesh and Sri Lanka?"

What about when Spain and Portugal join the community next year? Will this not increase the pressure to keep out Third World exports? "Not from Britain's point of view, certainly. But, from the European standpoint ..." and here a puff or two of smoke from the pipe obscures things as the sentence trails away. The need to wear two hats, two presidencies, dictates caution. Harry Leach is not going to look for trouble before it comes at him.

Timber traders attack conservation plans

BY ANDREW GOWERS

A FIERCE row has broken out in the timber industry over proposals by the Forestry Commission for a new policy aimed at conserving Britain's neglected broadleaved woodlands.

Timber merchants and growers are complaining that the Commission's plan, presented to the industry in a discussion paper last month, offers inadequate financial support and imposes unworkable and unnecessary restrictions on their business.

The British Timber Merchants Association said the commission's proposals would be bound to reduce the amount of hardwood timber – mainly oak, ash, beech and sycamore – coming on to the market, and could lead to job losses in rural areas.

Timber Growers UK, which represents some 3,000 private woodland owners, has also complained publicly that the plan "falls seriously short of an economically viable policy for the good management of our broadleaved woodlands."

Although broadleaved woodlands, totalling 750,000 hectares, constitute a relatively small proportion of Britain's forests, they account for a fifth of the country's wood production, according to the Forestry Commission.

About half of the broadleaved forest consists of small woods and clumps, which has often made commercial management for timber production too costly. As a result much of the growing stock has been allowed to deteriorate, or has simply been felled and not replaced.

To improve management and conservation of the woodlands, the Commission has proposed tighter controls on felling and planting broadleaved trees, and increased grants for planting them.

The private timber growers, who own some 90 per cent of all broadleaved woodlands, argue that the controls would reduce their revenue from timber production – and that the increased grants are not sufficient to compensate for this.

"If an owner complied with those recommendations, he would incur very significant extra costs, which might make many broadleaved woodlands loss-making," said Mr Ronnie Williams, chief executive of Timber Growers UK. "The result would be the very opposite of the commission's intention, an increase in the area of derelict woodlands."

For its part, the Timber Merchants Association is worried that the proposed policy, by reducing supplies of home-grown hardwood, will allow imports to make further inroads into a market which is already depressed by slack demand from the construction industry.

"We cannot over-emphasise the importance of the continuity in supply of the predominant hardwood species, if we are to maintain a market hold that will give a reasonable return to the grower," said Mr John Todd, the association president.

Satellite radio planned

BY RAYMOND SNODDY

AN AMERICAN-DUTCH company, Satellite Radio Europe (SRE), is planning to set up the first radio station to broadcast to Europe by satellite.

The station, which will be aimed at cable subscribers, intends to broadcast music 24 hours a day from studios in London. SRE has opened talks with British Telecom to lease a radio channel on the ECS I satellite and Mr Ron de Loos, general manager of the company, says broadcasts could begin as early as August.

SRE believes the satellite signal will be superior to that from Earth-bound tranmitters and will compare with the sound quality of the compact disc.

The company hopes that, because the signal can only be picked up by cable companies or individual satellite receiving dishes, it will have few regulatory problems.

The station, to be financed by six minutes of advertising an hour, says it will respect European restrictions on advertising products such as alcohol and tobacco.

SRE expects to grow faster than a cable television channel because on cable networks there is more room for extra radio channels than for television. By the end of this year the company expects about 7m homes in Europe to be connected to cable.

Mr de Loos said yesterday that SRE has raised half of the £1m needed to launch the station.

Lack of support ends London Tube strike

BY PHILIP BASSETT, LABOUR CORRESPONDENT

Leaders of the National Union of Railwaymen (NUR) last night acknowledged that the impact of the Government's pre-strike ballot legislation had been a key factor in cutting support for yesterday's now-abandoned strike on the London Underground.

Mr Jimmy Knapp, NUR general secretary, announcing the decision of the union's executive to call off the indefinite strike after less than a day, said that despite its outcome, he would still not in similar circumstances put such an issue to a membership ballot. The Government's legislation requires a ballot before a strike is called.

The decision came after London Regional Transport (LRT) managed to run more than 75 per cent of its normal services. NUR members widely ignored the strike call.

Members of the train drivers' union Aslef and busmen in the Transport and General Workers' Union largely ignored their unions' advice not to cross what turned out to be mostly token NUR picket lines.

The climbdown by the leadership of the NUR over its strike call against proposals by LRT to extend one-person operation of Tube trains on more of its services is a further boost for the Government's labour legislation.

LRT management last week obtained a High Court injunction against the NUR for its failure to ballot its 11,000 Tube members on the strike, as required by the 1984 Trade Union Act.

Dr Tony Ridley, chairman and managing director of London Underground, said last night: "We will not be pursuing legal action in respect of today's strike."

The management could have pressed contempt charges against the NUR for its executive's decision to defy the injunction, or sought damages in compensation for yesterday's action. There was widespread disruption in the capital as many commuters switched to cars, but 310 Tube trains out of a scheduled 451 ran during the morning rush hour. About 2m commuters use the Tube daily.

Mr Knapp insisted that the injunction and the prospect of further legal action had not influenced the executive's decision to abandon the strike. But after the decision earlier this year by the leadership of the largest Civil Service union to call off a strike after a similar injunction obtained by the Treasury, the outcome of the NUR's strike is a further indication of employers' readiness to use the ballot provisions of the law, and of their effectiveness.

The NUR decision, and the widespread refusal of the union's members to fall into line with their leaders' instructions, may make both the NUR and other unions think carefully before calling industrial action which has not been sanctioned by ballot.

Mr Knapp maintained that, given the timescale in which LRT informed the union last week of its plans to extend one-man operation yesterday, organising a ballot would have been impossible.

He accepted that legal action brought by LRT had an impact on the union's Tube members by creating an "intimidatory atmosphere of confusion" and a "mistaken impression in their minds" that if they followed the union's call, they would be acting illegally.

Pit union urged to call off ban

BY WALTER ELLIS

THE NATIONAL Coal Board (NCB) yesterday called on the leadership of Nacods, the pit supervisors' union, to suspend its overtime ban and to return to the negotiating table over its grievance about pit closure procedures.

Indications are that the ban, which started at the end of last week, has caused only minor disruption. Overtime by the pit supervisors is largely confined to weekends when underground safety work is normally undertaken.

Nacods members voted for the ban in protest at what they see as an erosion by the NCB of an undertaking last October to put all proposed colliery closures through an agreed procedure.

Mr Michael Eaton, the NCB official spokesman, said that the board had assured Nacods "in the clearest possible terms" that any decision relating to a pit closure would be dealt with within the colliery review procedure as it existed today or under a modified procedure "if agreement can be reached between the board and the unions."

Mr Peter McNestry, Nacods general secretary, said the union would be willing to meet the NCB.

An indication of the strength of union attitudes was provided yesterday at Bevercotes colliery in Nottinghamshire, one of the area's most profitable pits. One Nacods deputy reported for work at the pit, and a subsequent walkout by his colleagues caused all 900 miners to be sent home.

Sales of public assets raise £17bn

BY ANDREW ARENDS

SALES of public sector assets including council house sales and shares in public corporations have raised over £17.2bn since the Conservatives came to power in 1979, according to the Treasury.

Over two thirds of this total was accounted for by sales of local authority assets — mainly council houses. The Government's controversial and much publicised privatisation programme raised barely £5bn in comparison.

The figures, given in a written parliamentary reply by Mr John Moore, Financial Secretary to the Treasury, reveal that £8.37bn was raised — nearly half the total — over the past two years. This figure was boosted by a number of large public sector flotations such as British Telecom and Jaguar Cars.

The figures show that sales of council houses peaked, in cash terms, in 1983-84, when just over £2.8bn was raised. The trend seems to be downwards with those authorities that encourage council house sales having fewer houses to sell.

This trend has been partly compensated for by an increasing stream of cash from special asset sales, such as British Telecom. As the BT share offer will raise about £3bn over three years, there will be a continued cash flow from this source over the next two financial years.

Ministers discuss property tax reform

A RANGE of options for reforming the system of rates (local property taxes) was further narrowed yesterday at a 2½-hour meeting of senior ministers chaired by Mrs Margaret Thatcher, the Prime Minister.

The most favoured option remains a universal tax, to be known as a resident's charge, in place of domestic rates, and a centrally determined business rate in place of non-domestic rates.

Mr Patrick Jenkin, the Environment Secretary, reported on the advantages of the various options and there will be a further meeting of ministers before the end of July. It is hoped to produce a consultative paper by the end of the year with legislation probably in the 1986-87 parliamentary session.

Ministers are concentrating on some form of universal tax, to be levied on either a flat rate or graduated tax basis. The term poll tax is not being used because of its association with paying for the right to vote and the Home Office's objections to the use of the electoral register for taxation purposes.

At present, domestic rates are levied by local authorities on a valuation of individual properties, irrespective of the number of occupants.

□ LAZARD BROTHERS, the merchant bank which advised the Government on the British Aerospace offer for sale has been asked to do the same job in the next stage of the privatisation programme, the sale of shares in Britoil.

The Government plans to sell its remaining 48.8 per cent stake in the company, worth over £500m, later this year. Britoil's adviser will be its merchant bank, N.M. Rothschild.

Lazard has emerged as one of the Treasury's favourites for City of London advice on the privatisation programme. The bank is already advising the Government on several sales likely to take place over the next two years including the sale of assets of British Shipbuilders, and the flotations of British Airways and the Royal Ordnance Factories.

□ ARCO OIL, a subsidiary of Atlantic Richfield, is to establish an offshore support base in the UK at Great Yarmouth as part of its programme to produce gas from the North Sea as well as to assist further exploration and drilling activities.

□ BRITISH GAS corporation will in future publish details of its sales of central heating systems in which it competes against private contractors. The move follows a request from the Office of Fair Trading that the corporation should give more information about its operating results.

Bank appoints six to City watchdog board

BY JOHN MOORE, CITY CORRESPONDENT

THE BANK of England yesterday appointed six members to the proposed Securities and Investments Board (SIB), the new main regulatory body responsible for policing securities' firms and investment companies. Other members of the new board are to be named later by the bank of England as the precise number required has not been decided.

In a move which forms part of a major restructuring of the regulation of London's financial community, the Bank named the following City of London and business figures as members of the board.

Professor Jim Gower, consultant research adviser on company law to the Department of Trade and Industry, who will become a part-time consultant to the board; Mr Robin Hodgson, 43, managing director of Granville and Co., the licensed dealer in securities and chairman of the National Association of Security Dealers and Investment Managers; Mr John Kerridge, 50, chairman and chief executive of Fisons, the pharmaceutical company; Mr Ralph Quartano, 57, chief executive of PosTel Investment Management, the pension fund management arm of the Post Office and British Telecom; Mr Robin Stormonth-Darling, 59, chairman of stockbrokers Laing & Cruickshank, member of the Stock Exchange ruling council and deputy chairman of the Panel on Takeovers and Mergers; Mrs Rachel Waterhouse, 62, chairman of the Consumers Association and Mr Mark Weinberg, 53, chairman of Hambro Life Assurance since 1984.

Mr Weinberg is also chairman of the Marketing of Investments Board Organising Committee, which is intended to set up a new body responsible for the regulation of pre-packaged investments, such as life insurance and unit trusts.

The Bank of England said yesterday that Professor Gower would also become a part-time consultant to the organising committee for this body in addition to his other responsibilities.

In March this year Sir Kenneth Berrill, chairman of stockbrokers Vickers da Costa, was named as the first head of the SIB, and he is in the process of setting up the new body. Mr Martin Jacomb, vice-chairman of Kleinwort Benson, the merchant bank, was named as part-time deputy chairman of the new body.

Sir Kenneth, who will serve full time, is expected to be paid a salary of £100,000 but no final contracts have yet been drawn up. Those named yesterday will be serving part-time at a salary of £8,000 a year each. Their pay has been determined in part by taking into account the salaries which are paid to non-executive directors of British companies.

The Bank of England said yesterday that "in order to provide flexibility from the outset" in the composition of the new SIB, some members will serve initial terms of one year, some two years and some three years. Of those named yesterday Mr Hodgson and Mr Weinberg will serve one year each; Mr Stormonth-Darling and Mrs Waterhouse, two years; and Mr Kerridge and Mr Quartano, three years each.

Charles Batchelor writes: The London Stock Exchange is determined to retain ownership and control of the electronic dealing systems which will be introduced in 1986.

The exchange seems to be set on a collision course with Reuter, the international business information group which plans in July to introduce an international dealing system developed by the U.S. company, Instinet.

Reuters, Instinet and the exchange are all keen to avoid a confrontation but the declared aims of the three organisations, which are still in discussions aimed at reaching some form of agreement, appear contradictory.

Mr Hayter said: "The new networks will become the trading floor. It would be unthinkable that the stock exchange should have a trading floor that it does not own and operate."

Reuters' decision to set a London launch date of July for the Instinet dealing system has given greater urgency to the talks which the three organisations have been holding for the past few months.

The Instinet system allows the automatic completion of deals involving up to 1,000 shares and at present carries U.S. stocks, foreign stocks quoted in the U.S. American Depositary Receipt (ADR) form and U.S. options.

Rule changes to widen scope for satellite TV reception

BY RAYMOND SNODDY

THE GOVERNMENT is expected to announce later this week a liberalisation of the rules on satellite television reception.

For the first time individuals and proprietors of individual premises such as hotels, pubs and restaurants will be able to erect their own reception dishes to receive television programmes broadcast by satellite. Dish owners will, however, need planning permission and will *have to meet minimum technical* standards to avoid interference.

The move is a significant boost for cable television programme providers. It will mean that the six new channels of cable television programmes will be theoretically available all over the country.

To begin with the market will probably be for hotels rather than individuals because the equipment is likely to cost in the region of £2,000. Mr Geoffrey Pattie, Minister for Information Technology at the Department of Trade and Industry (DTI), is expected to make the announcement on Thursday in a written answer in the House of Commons.

The Government will also liberalise the rules on Satellite Master Antennae Television (SMATV), which involves small existing cable networks.

Until now DTI licences were needed to erect satellite dishes and were only given to cable television companies or organisations conducting research. Restrictions will, however, be placed on the licensing of SMATV systems to protect the new broadband cable television franchises.

SMATV licences will not be granted in areas where a new cable franchise has been awarded or where the intention to award a franchise has already been advertised.

The Cable Authority, which is the regulatory body for the cable television industry, will issue guidelines on the granting of SMATV licences.

The intention is to award licences to SMATV operators for an initial five years in areas which are unlikely to be cabled in the immediate future. Companies such as Thorn EMI have been waiting for some time for the go ahead for SMATV and have been making preparations to make equipment available as soon as the Government announcement is made.

Thorn research suggests SMATV could be a market worth £50m a year in the UK by 1987.

Private managers may run state trusts

By Sue Cameron

THE GOVERNMENT is to hand over the management of its common investment fund unit trusts — at present worth some £50m — to private sector companies on a competitive tender basis.

The decision, announced yesterday by Lord Hailsham, the Lord Chancellor, follows recommendations by Whitehall's own Efficiency Unit. The unit's report on investment by the Lord Chancellor's Department was completed some 18 months ago.

The common investment funds were set up in 1965 to give the courts a means of unit trust investment for their administration of private assets — assets such as awards made to children and the estates of mental patients. The unit trusts are managed at present by the Public Trustee on behalf of the courts.

The decision to give the management of the unit trusts to private sector companies is not thought to mark any criticism of the Public Trustee Office. The yield on the funds is understood to have been very much in line with those achieved by private sector concerns.

The Efficiency Unit apparently felt there was no good reason for this fund management to be carried out by government when there was already expertise in the private sector. The existence of competition within the private sector is also thought to have been a factor.

Lord Hailsham also announced yesterday that he was planning to bring together the work of several government offices involved with the management of privately-owned assets into a single unit to be known as the Public Trust Office.

The office, which will be established over the next three years, will incorporate work now being done by:

● The Public Trustee Office which can act, among other things, as an ordinary trustee or as an executor or administrator of a dead person's estate. Lord Hailsham stressed that his reforms would not affect the estates for which the Public Trustee might be appointed executor in the immediate future.

● The Court Funds Office, whose work includes the safe custody of all funds paid into court.

● The administrative — as opposed to the judicial — work of the Court of Protection which safeguards and manages the affairs of the mentally disabled.

The Lord Chancellor's Department will be seeking professional advice on the contracting out of its unit trust management.

THE NEW FORD GRA

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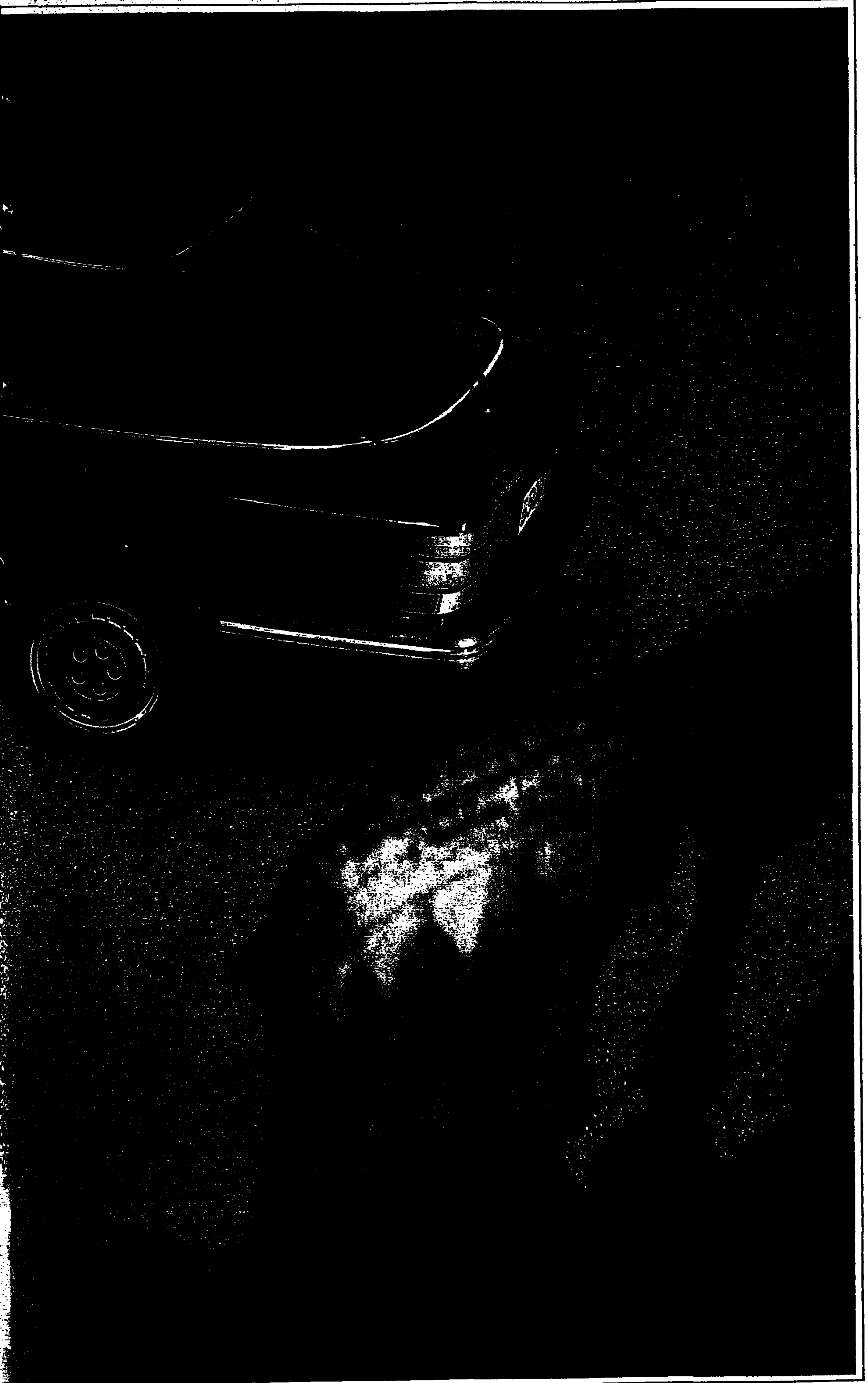


Ford cares about quality.

It's difficult to say what impresses you most the first time you drive the Scorpio.

The sweeping elegance of its lines, its extraordinary spaciousness, its abundant power so smoothly and efficiently delivered, or the dawning realisation that this Ford ranks alongside some of the best known names at the luxury end of the market.

You can see that the Scorpio is meticulously built from the finish of the paint, the beauty of the flush fitting glass and the way everything fits perfectly.

As for equipment, suffice it to say that such features as the air conditioning, the fuel computer and the graphic display which warns you of bulb failures, partly shut doors and icy roads are all standard. And everything that can be power assisted is power assisted – even the back seat adjustment.

While underlying all this luxury is a level of engineering and electronic sophistication that would have been undreamt of not long ago. Notable examples include the new anti-lock brakes, new generation engine management system and a new 4 speed automatic gearbox with an overdrive top gear that makes motorway cruising more relaxed than ever.

The Scorpio is Ford's best. And, such has been their investment in quality, that Ford's best these days is very good indeed.

NADA SCORPIO

Ford

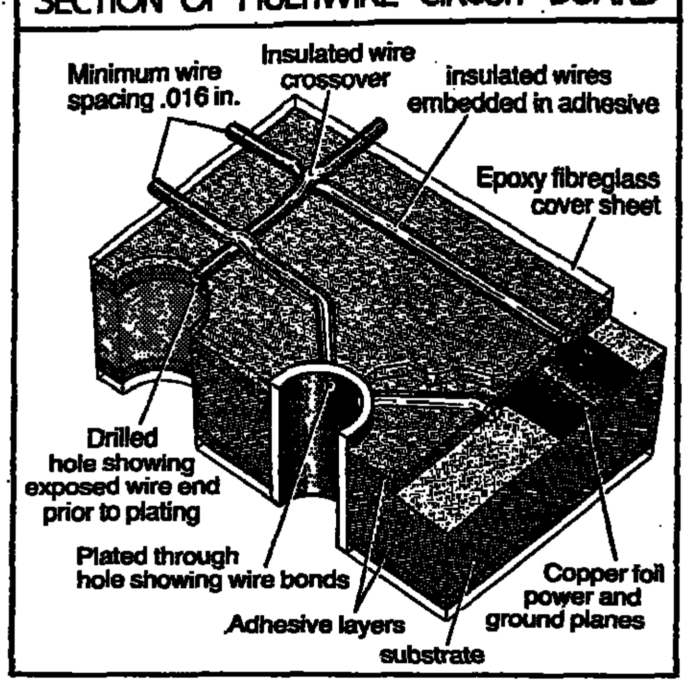
TECHNOLOGY

EDITED BY ALAN CANE

Art of weaving comes to circuitry

Geoffrey Charlish on an alternative to printed circuit boards

SECTION OF MULTIWIRE CIRCUIT BOARD



SWINGING into full production in Aldershot, England, is a one-year-old company, MW Circuits, which is 75 per cent owned by McKechnie Brothers, the £200m turnover industrial group.

It has been set up with £250,000 of government assistance to make Multiwire circuit boards under licence from Kollmorgen Corporation in the U.S.

The idea of "weaving" a copper wire circuit on the surface of a circuit board instead of "printing" it has been with the electronics industry for more than a decade, but only in recent years has it made an impact, mainly at the high technology end of the market.

Today, Kollmorgen has 31 production centres in Japan, South Africa, Australia, Taiwan and Brazil, as well as in the U.S. and Europe. World production of Multiwire for 1985 is expected to exceed $100m and although this is a tiny part of world conventional PCB sales of over $6000m, a useful niche market is clearly being developed. There are no competitors according to MW Circuits.

The process uses an X-Y coordinate machine to lay down a pattern of wires between positions where holes will later be drilled and through-plated. The holes will later accommodate the component leads.

The hair-fine wires have an insulating coating which means they can cross each other with no fear of short circuits.

This has two important outcomes. First, signal path lengths can be minimised, reducing transmission times, because more direct routing of paths becomes possible than with a conventional PCB. In computer circuits now being designed, the time for the signal to travel over a length of conductor is becoming critical because data rates are so high.

The other main advantage is that wiring can be applied to the board to virtually any extent necessary, so that the multilayer approach of the conventional PCB—in which several layers of thin printed boards are sandwiched together and internally interconnected by plating through—can be forgotten. Each application of wiring is equivalent to between four and six layers in a multilayer printed board.

A further benefit is that changes to the wiring layout can be made during a production run. With printed boards, either wire additions must be made or the design re-masked.

The Multiwire process starts with a conventional copper-clad laminate which is first etched to leave ground plane and power conductor runs.

After the adhesive layer has been applied, the computer-controlled wiring machine, using data derived from a computer-aided design program, lays wires into the adhesive, dealing with up to four boards at a time. The wires are run precisely between component hole locations.

The accuracy of the wiring placement is good enough to allow two wires of 0.006 inch diameter to be driven between the 0.1 inch spaces between the legs of a standard integrated circuit package. Using 0.004 inch wire, three can be accommodated, enhancing the wiring density still further.

After encapsulation of the board with a sheet of epoxy glass, the holes are drilled. These serve the dual purpose of forming a junction with each wire and a receptacle for the component leads.

Following chemical removal of wire tip insulation and hole cleaning, copper is plated into the holes, connecting each wire both mechanically and electrically. Any necessary pads and edge connectors are formed by etching. The subsequent processes of inserting the components and wave soldering them into place are the same as for PCBs.

The claim is that Multiwire is cost-effective for boards equivalent to six conventional layers and above. Using modern CAD facilities and proprietary software packages, highly complex boards equivalent to 16 or more conventional layers can be produced on two sides of a Multiwire board—with the added advantage of easy modification. Even more complex boards are feasible by introducing third and fourth levels of wiring.

MW Circuits is attempting to dispel the idea that these techniques, while outstanding for prototyping work, are not capable of volume production. Managing director Mr Frank Dunford says a typical machine will wire the equivalent of four 10-layer boards in about 45 minutes.

MW Circuits is on 0252 334141.

Why Reuters plugged into the Microvax

DIGITAL EQUIPMENT Corporation claims that its new Microvax 2 desk top computer, at a starting price of just under £20,000, will make it possible for many more organisations to justify the required level of computer power at individuals' work places.

The 32-bit system is aimed at computing teams of from four to 16 users and has a processor performance nearly equal to the company's VAX-11/780.

Mr Geoff Shingles, managing director of the UK company, thinks the machine will open up new business for DEC in retailing and distribution and increase its existing turnover in finance, manufacturing and education.

DEC has designed and is making its own 32-bit chip for the Microvax 2 computer and the associated workstation product, Vaxstation 2. It says the chip is the first to be built from a system standpoint, providing powerful memory and addressing abilities that "eliminate restrictions on program size."

Individual computers can be connected together using "Digital Network Architecture" (DNA) in compliance with open systems interconnect (OSI) standards. A local processor can communicate with centralised systems to access information stored there. Microvax 2 can also talk to systems and specialist peripherals not made by DEC.

Three operating systems are available for the new machine, including a virtual memory system and a version of Unix called Ultrix 32m.

Reuters is DEC's biggest first customer. The news/financial agency has ordered 60 of the machines, most of which will be used as financial database units throughout Europe.

Ferranti, Solartron, Burmah Oil and Applicon have also placed early orders for Microvax 2. Ferranti and Applicon will use the system to implement their CAM-X and Bravo computer-aided design and manufacturing systems, while Solartron will apply them to simulation products.

G.C.

Tradewind on horizon for home/education market

IBM's decision to pull out of the home computer market last year, even in retrospect, was surprising. Its business logic, of course, was impeccable. Even with the massive economies of scale that it alone could bring to bear on the manufacturing process, it was unable to produce its PCjr at a price low enough to sell in sufficient volume to make adequate profit.

Continuing gloomy news from the home computer market poses the question whether anybody can succeed where IBM failed. Its withdrawal has left a vacumn in one of the most critical and interesting areas of the personal computer market.

That market is perhaps best defined as "educational." It includes machines to be used in the home for the small range of tasks to which a home computer can be put on the one hand, and machines which can just about cope with the needs of a very small business on the other.

Chiefly it is the market for machines which could be used in schools, colleges and universities by students who will see them simply as intellectual tools.

The cost of such a machine is in the $1,000 to $1,200 range at today's prices. It can be taken for granted that cheaper machines will not do and that the schools are looking for a high level of sophistication now.

That means floppy disks rather than tape cassette storage and industry standard operating systems rather than proprietary software monitors.

Psychologically, the education sector is very important to computer manufacturers. Since the early days of computers it has been known that computer users have an affection (frequently unwarranted) for the first system they learn to use.

So the manufacturers were happy either to give systems to universities and colleges or to allow substantial discount on the grounds that they were investing in future sales.

So with IBM out of the way for the moment, what is the state of play? In terms of machinery, Apple is obviously a major competitor because of size and position, even if its products have to be tweaked to provide industry-standard features. Commodore with the PC10 is another.

But much of the excitement is about Apple Macintosh-like systems designed to be very easy for non-computer specialists to use.

These systems are characterised by screen images representing tasks rather than text and by the mouse, a desk-top device which moves a pointer on the screen.

The Macintosh itself, if Apple could reduce the price sufficiently, would be a powerful competitor in this sector as would Commodore's Amiga and the so-called Jackintosh, the $799 machine from Atari which chief executive Jack Tramiel intends to ship into Europe in the next few weeks.

But the surprise player is Philips, the Dutch-owned multinational which quietly launched a new low-cost personal computer at this year's Hanover fair.

Professional Personal Computing

BY ALAN CANE

The machine, still unnamed, is based on the Intel 80186 chip—as is Sir Clive Sinclair's QL micro.

Mr Gordon Curran of Intelligent Electronics, a Paris-based market consultancy specialising in microcomputers, said of the new Philips machine: "Although in the form it was displayed at Hanover, this machine does not seem to be a serious business product, with its 80186 processor, it is certainly capable of being upgraded.

"It has a 3.5 inch floppy-disk drive and can be connected either to a monitor or to a television set. Its chief potential market seems to be that targeted by the Apple IIe and Macintosh the ACT Apricot and the new Commodore range of low-priced PCS.

"Priced at $1,100, it also seems ideal as a school's market product."

Philips says the chief operating system for the new machine is DOS plus which is held in a separate memory chip on the main processor board. There are also low-level software routines for CP/M 86 and PC/DOS, the major 16-bit operating systems. It will also run MS/DOS, Concurrent DOS—and most important—Digital Research's Graphics Environment Manager (GEM)—which makes any personal computer look like a Mackintosh.

One interesting question is why Philips should have launched such a machine at this time? Gordon Curran argues that as it takes major manufacturers some 18 months lead time on such a product: "It is our belief that this computer was designed to combat the PCjr."

But the PCjr is no longer there to fight. What Philips and all the other contenders in this market could find themselves up against is the base level PC itself—and selling against them at a competitive price.

On the other hand, some would argue that IBM killed the PCjr to make way for a new, dramatically low-cost personal computer to fill the gap and to be launched this year.

In the UK, there is special interest in ACT's F1e microcomputer which runs the industry standard operating system MS/DOS and now costs only £595 with floppy-disc drive.

The F1e features a 16-bit 8086 processor, state of the art if lacking the sheer speed of 80186 and 80286 beased machines. It is, in fact, a scaled down version of ACT's F1 microcomputer and was specially designed for use in schools and colleges.

Such a machine would be a powerful competitor in the education sector to the BBC B microcomputer, designed and built by Acorn.

The BBC machine is still probably the best regarded of all the home/educational microcomputers and the expansion features that Acorn's engineers designed in, mean that its life can be prolonged for quite a period, but it is based on fairly old technology—a 6502 8-bit chip running at two megahertz.

To be fair, that is perfectly adequate power for most educational and simple business purposes—word processing, billing, listing and the like—but it does use a proprietary operating system rather than an industry standard like MS/DOC.

To be sure, the BBC microcomputer can be upgraded to look like a CP/M machine or even an IBM PC, but at some cost both in cash and in convenience.

It remains to be seen what Olivetti, Acorn's owner and a fast growing power in the microcomputer business, does with the company.

The home/education market may be in the doldrums right now, but expect a revitalising trade wind before too long.

World's smallest cassette

THE WORLD'S smallest cassette tape and a compact, multi-function dictation system has been announced by the Victor Company of Japan (JVC) working in collaboration with Dictaphone Corporation of the U.S.

The magnetic tape cassette, which the companies are calling a "picocassette" is about a third of the size of a conventional microcassette but has 60 minutes recording capacity.

This is made possible by the development of a very reliable recorder mechanism which allows an ultra-low tape running speed of only 0.3 cm a second.

It nevertheless provides all the features to be found on conventional portable recorders.

The dictation system is about 60 per cent of the size of conventional systems using microcassettes. Twice as many electronic components have been crammed into two-thirds of the space by using a ceramic, four-ply alumina circuit board.

Features include a liquid crystal display which shows the tape length elapsed, tape position and capacity and status mode for recording and playing.

The system has full-logic control and is capable of storing the information shown on the display. It gives an audible signal about two minutes before the end of the tape.

Fibre Materials

A RECENT article, "Blast-off for Star Wars research programme" (May 16, 1985), described the new materials company Fibre Materials as Mibre Materials through a typographical error.

Fibre Materials is the U.S. parent of F.M.I. Composites of Galashiels, Scotland.

Company Notices

NOTICE OF REDEMPTION TO HOLDERS OF ENI INTERNATIONAL BANK LIMITED
(Formerly Tradinvest Bank and Trust Co. of Nassau Ltd)
U.S.$150,000,000 Guaranteed Floating Rate Notes due 1989

Notices is hereby given that in accordance with condition 7(c) of the Notes and section 4(b) of the Paying Agency Agreement dated as of 17th December 1981 between Tradinvest Bank and Trust Co. of Nassau Ltd., (Tradinvest) and Ente Nazionale Idrocarburi (Guarantor) and The Long-Term Credit Bank of Japan, Ltd., London, as Principal Paying Agent, Tradinvest has elected to redeem all of the issue on the next interest payment date falling on 19th June, 1985. The Notes will be redeemed at par value for the principal plus interest to the date set for redemption. On the 19th June, 1985 the Notes will cease to accrue interest. The Notes will be redeemed upon presentation and surrender together with all unmatured coupons at the offices of The Long-Term Credit Bank of Japan, Ltd., London. Credit Lyonnais, Paris. Credit Lyonnais, Luxembourg. Morgan Guaranty Trust Co., of New York, New York. Morgan Guaranty Trust Co., of New York, Brussels. The Long-Term Credit Bank of Japan, Ltd., Singapore and LTCB Asia Ltd., Hong Kong.

THE LONG-TERM CREDIT BANK OF JAPAN LTD.
(London Branch)
Principal Paying Agent on behalf of Tradinvest Bank and Trust Co. of Nassau Ltd.

Dated: 20th May, 1985

INTERSHOP HOLDING AG ZURICH

NOTICE

to the Holders of

5¼ per cent U.S.$ Convertible Bonds due October 1, 1990 (Sec. Code 554.209)

6 per cent U.S.$ Convertible Bonds due October 1, 1993 (Sec. Code 553.995)

Intershop Overseas Finance (Curacao) N.V. unconditionally guaranteed by and convertible into bearer shares of Intershop Holding AG

In conformity with the terms and conditions of the Bonds, the conversion prices will be reduced

to US$ 1,153.35 for the 5¼% Convertible Bonds due October 1, 1990 and

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THE MANAGEMENT PAGE: Small business

EDITED BY CHRISTOPHER LORENZ

William Dawkins describes two examples of the identification and exploitation of niches in the highly competitive computer market

Tim Coulson: "Following the gaps".

Add-ons that boost speed and storage

FEW companies can illustrate the rough-and-tumble of the computer hardware business more vividly than Plus 5 Engineering.

Founded in 1982, this East Sussex-based maker of add-on storage devices for microcomputers came within a whisker of collapse before seeing its sales quadruple to £2m over the past two years and being courted as a takeover candidate by one of the largest electronics groups in the UK.

It has survived by successfully pinpointing a market which big computer producers cannot enter in force without damaging sales of their existing products. It follows a similar pattern to Intelligent Environments in that it has found a niche in the computer industry which the larger operators — though not all — have left alone.

Plus 5 is one of the largest European producers of hard disk subsystems. These devices can be added on to micros to increase their speed and storage capacity, providing an economic alternative to buying a whole new system for businesses whose demands on their machines are growing. Each of Plus 5's 100 or more products is modelled to suit a specific brand of micro, with a casing to match the design of the machine it accompanies.

"Big manufacturers could very well decide to do what we are doing, but they have a dilemma," explains Tim Coulson, Plus 5's 33-year-old managing director. "Clearly they would have to do it for their own machines, but if they are launching a new product every year, there is a marketing conflict." It makes little sense for a computer maker to produce large volumes of machines which enable users to upgrade their old micros instead of buying new ones.

Coulson admits that while the market for his current range of products appears to be growing now, it could easily vanish just as quickly as it emerged. He estimates that 5 per cent of the UK's micro-users have upgraded their machines in this way. There are no centrally gathered figures, but trade estimates suggest that the UK microcomputer subsystems market could be worth £30m out of a global total of £350m.

"The proportion that could be achieved is probably more like 30 per cent, but it's got to be done in the next year to 18 months because the machines will get out of date, and the price of hardware will have come down so much that people will be buying new rather than upgrading," he says.

Like many small high-technology firms, Plus 5 is not at the sharp end of research in that it makes up new products from components which are already available. This should, in theory, allow it to develop new lines more quickly than genuinely innovative companies which originate products from scratch.

That, at any rate, is the approach which Les Wilk, Plus 5's development director, has taken in devising the group's latest product, PLUSnet, a machine which enables micros of different makes to share the same storage device. "It's a question of following the gaps that the major manufacturers do not supply themselves and trying to keep ahead of them," says Coulson.

In the company's early stages, however, Plus 5's directors devoted so much attention to pursuing those gaps and so little to running their business that they nearly came unstuck. Plus 5 originated as a spare-time activity for two microcomputer maintenance technicians and an engineer who moved into a hut in a builders' yard in Crowborough to create subsystems for the Sharp range of micros.

They saw an opportunity to do the same for other makes of micro and called in Coulson, one of their customers who was then working for a London computer dealer, to take care of sales. Coulson set up an ACT dealership to bring in cash, while the others concentrated on production and development.

By December 1983, its first year of trading, Plus 5 had turned over £484,000 and made a £23,000 loss. "Our administration was in a mess. Everybody was making boxes and there was no time to do anything else," recalls Coulson.

He recruited a personal friend, John Butler, a local management consultant, to turn the business round in return for just over 5 per cent of the equity. "They thought that just because they were busy, they ought to be making a profit. But they were wrong," says Butler. His first tasks were to install an accounting system and reorganise the management team so that each member had a clearly defined job, rather than trying to do a little of everything.

"From working like a rather loose partnership, it suddenly began to look like a company," says Butler. Now that Coulson, with all his old computer dealer contacts, could devote his full attention to marketing, while his colleagues worked full time on development and production, the ship began to turn.

By the end of 1984, Plus 5's sales had risen to £2.1m, with taxable profits of £143,000, and the group was able to afford a move to more spacious offices nearby. Its 26 employees now produce add-on subsystems for most makes of micro, with the exception of Apple, where the subsystems market is dominated by ICE, a Middlesex-based concern.

With the help of Butler, Plus 5 was even able to celebrate the New Year with a £500,000 equity injection from CIN Industrial Investment, the unquoted equity arm of the National Coal Board pension funds. CIN now owns 15 per cent of the company, with options to subscribe for more.

The future depends entirely on Plus 5's agility in continuing to think up microcomputer-related products which the big producers have ignored. But if that fails, the group's network of more than 800 dealers in the UK and Europe will at least ensure that it could be a valuable acquisition candidate for a manufacturer looking for a ready-made marketing channel.

Turning the inexpert into experts

Laurence Shafe: "People will need less training"

BEAVERING AWAY in his tiny office above a sweet shop just off London's Pall Mall, Laurence Shafe represents a curious paradox.

Intelligent Environments, the company he formed in November with four colleagues from Helix Software Consultants, a London-based financial computer systems specialist, is exploring a market—for cheap artificial intelligence for businessmen—which its bigger U.S. counterparts have generally overlooked.

The paradox is that Intelligent Environments is aiming to exploit an opportunity which has arisen at least partly because of the relative ease with which U.S. producers of more elaborate expert systems have been able to raise large sums of venture capital. As a result, they have tended to turn out highly sophisticated specialised products far beyond the means and the practical needs of most business users.

Intelligent Environments has found a niche which larger companies in its field appear to have overlooked, but it remains to be seen whether it can make use of that opportunity before—as seems inevitable—more powerful competitors follow suit.

With expert systems, the knowledge of the foremost experts in a given area is contained in the memory of a powerful computer. This can be asked for advice and can give reasons for its answers. Some artificial intelligence packages, known as shells, come with the ability to reason but without any specific knowledge—a bit like the untutored brain of a hyper-intelligent child—and this can be added by highly trained computer technicians, or knowledge engineers.

Others, known as mindware, are half-way in between the two. They contain a little semi-specific knowledge, but can be turned into expert systems by inexpert people. You can put ideas into your computer by writing simple notes on its screen—about, for instance, the way your business operates—and it will then be able to provide advice based on an evaluation of the information you have put in.

Shafe is working on a mindware package that will enable businessmen to quiz their micros about corporate strategy in the same way that they might talk to a management consultant. U.S. producers of artificial intelligence like Teknowledge and Intellicorp have tended to specialise in highly sophisticated expert systems selling for between $20,000 and $60,000 (up to £48,000).

They have, with a few exceptions, ignored mindware, the cheaper, less sophisticated end of the market being explored by Shafe and a handful of other small UK software outfits selling packages for around £500. Shafe estimates that the U.S. mindware market, which he hopes to attack when he completes his first product by the end of this year, is potentially worth about $60m, roughly 10 times the possible size of the UK market.

"It's not as if mindware will take a small part of the software market," he says. "It will enable personal computers to be used by a much wider range of people because they will need less training." So how is it that the big U.S. software groups seem to be missing out on this opportunity?

Their very size provides the clue, believes Liz Sharpe, who represents the company's backers, the Scottish venture capital group Baillie Gifford, on the board. Baillie Gifford put up £250,000 in January in return for a minority stake in the project.

Sharpe points out that U.S. artificial intelligence groups have in general raised very much larger sums than that—£17m in Teknowledge's case—and have started out with correspondingly large overheads. To recover those costs, they have chosen to produce up-market expert systems and shells for specialist users like universities, hospitals or other software houses. This has made it difficult for them to change tack to offer cheap practical packages to an entirely different kind of customer, the small or medium sized business.

"It's a recurring theme in U.S. artificial intelligence," says Sharpe. "They load themselves with overheads and have to recover those costs by selling larger systems. UK companies, partly because they have not raised a lot of funding, have tackled the market in a more down-to-earth way, and the U.S. is only beginning to see what has happened."

Peter Price, director of Slough-based Expertech, one of about 10 UK companies working in the same field as Intelligent Environments, says: "A lot of the money spent in the U.S. has been directed towards defence applications, which do not naturally lend themselves to business uses. The money spent in this country has been directed towards smaller developments by small companies. That is probably where the UK has a lead."

If Intelligent Environments does succeed in tackling the U.S.—distribution has yet to be arranged—it will be an encouraging example of how small companies can sometimes exploit markets which their larger counterparts are structurally unsuited to pursue. At the same time, and luckily for Shafe, it it not entirely true that the U.S. has missed out on low-cost mindware.

The group is distributing two U.S.-produced mindware packages to provide cash flow and build up marketing contacts while it is in the development stage. Trigger, written by Thoughtware of Florida, is designed to monitor a company's performance and suggest reasons for any departures from budget and actions to deal with them. Lightyear, produced by a Californian group of the same name, helps managers make strategic decisions—on matters like pricing, production or marketing—by balancing verbal and numerical criteria supplied by the user.

Shafe's first product—which he maintains will complement those produced by the two U.S. companies — is due to be launched at the Comdex computer show in Las Vegas next November. It is intended to be an intelligent planning and decision making tool selling for less than £500, which means that it will compete in price with some of the more sophisticated conventional business software like spreadsheet packages.

The challenge, however, will be whether Intelligent Environments can market itself aggressively enough in the U.S. before the large expert systems producers wake up to the opportunity, and armed with fistfuls of venture capital, push Shafe and other British groups like this one back across the Atlantic.

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THE ARTS

Cannes Film Festival

Nigel Andrews

FED BY incessant rain, the Cannes Film Festival has at last come up with three wildly exotic blooms. Paul Schrader's *Mishima*, Geoff Murphy's *The Quiet Earth* and Hector Babenco's *Kiss of the Spider Woman*—apocalyptic fables unfurling at far-flung corners of the world—show that if you wait long enough at any festival you'll finally be rewarded with riches to compensate you for sitting through ga-ga Godards, portentous Parkers and loop Loseys.

Mishima has been the most hotly anticipated film of the festival. What would Schrader, the all-American writer of *Taxi Driver* and writer-director of *Blue Collar* and *American Gigolo*, do with the all-Oriental mysteries and madnesses of the famed Japanese writer Mishima, who hymned the soul of his country, ran his own private army, preached the need to unite art and action, and finally did unite them in the blazing valediction of his own death by hara-kiri?

The answer is that Schrader has mixed styles and methods to produce the most original film in the Cannes Competition so far. He uses flashbacks in black-and-white to Mishima's boyhood; dramatised chunks from his novels in colour amid theatrical settings; and, threading through the whole film, the story of Mishima's last day (November 25 1970). The mixture is as weird as it is intermittently wonderful, piecing together a soul as much as a life story as Schrader cuts about between Mishima himself (Ken Ogata) railing against the decline of Japan and its Samurai traditions of ethics and courage; and his fictional alter egos flaming into being amid the studio picture-book forests and paint-and-canvas streets of Eiko Ishioka's designs.

The only problem the film hasn't solved is how to make the Oriental writer's philosophy—with its initially madcap mix of mysticism and Masochism—sympathetic to Western audiences. Baldly summarised as it must be in a two-hour movie, however kaleidoscopic, Mishima's art-plus-action credo comes over all too often as a veiled call to anarchist extremism or kamikaze self-sacrifice.

Hollywood, of course, is going mad with radical chic at present. And who should it be but Leonard Schrader, Paul's brother and co-writer of *Mishima*, who scripted the Cannes competition's other prime slice of subversive exoticism, *Kiss of the Spider Woman*. Although this has a Brazilian setting, supporting cast and director — Hector Babenco (of *Pixote*) masterminding the tale of prison life based on a Manual Puig novel—the two lead actors are American (William Hurt and Raul Julia), and so is the raw and cheerful slang of the dialogue. Hurt and Julia, gay and straight respectively, are the inmates of a grubby cell for two in Rio. They while away the nights by telling each other forgotten B-movies (or, rather, stories from glamorous and Hurt tells and Julia listens), and the days in wondering if freedom or further torture is to be the *plat du jour*.

The film switches about hypnotically between fear and hope, day and night, fantasy and fatalism. Schrader and Babenco have a high old time dramatising, amid a swell of shadows, the Nazi melodramas and Spider Woman epics which Hurt feeds to Julia: and which have cunning parallels in the intrigue-and-betrayal tale gradually unspooling in the prison itself. Like *Mishima*, *Kiss of the Spider Woman* mixes fact and fiction, colour and monochrome, "life" and "art:" and and though it's on a smaller, more whimsical scale, it brings off the rhymes between the two more successfully.

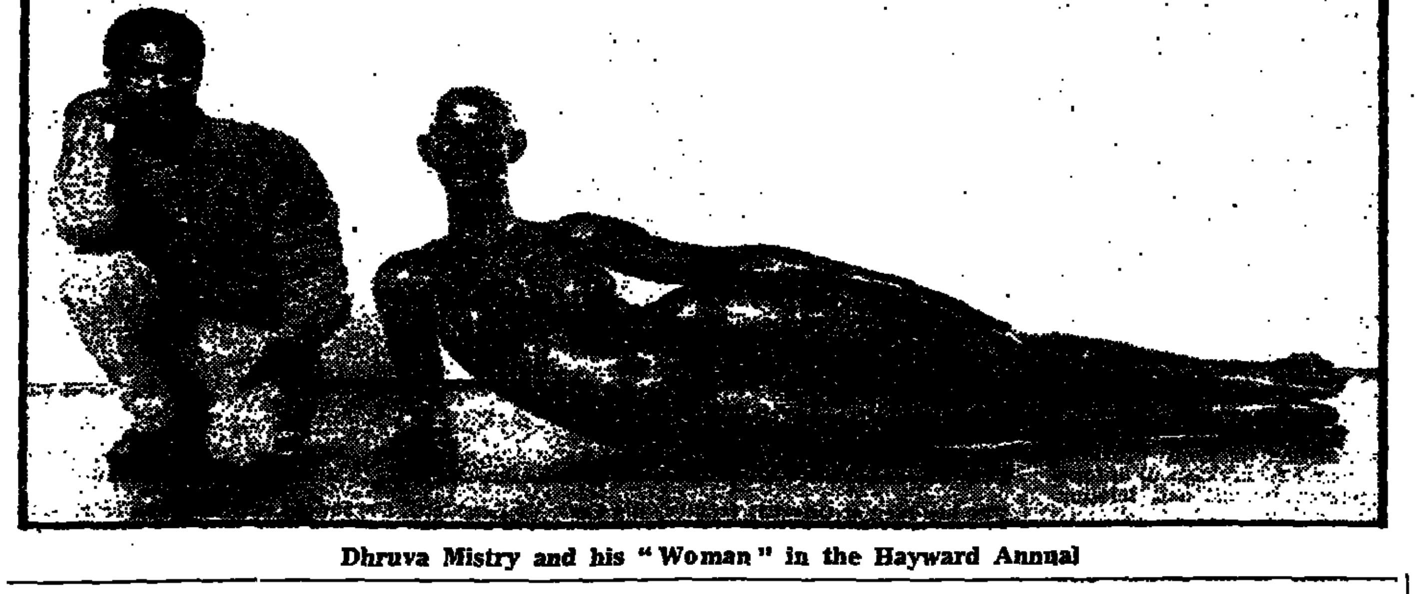
Geoff Murphy's *The Quiet Earth*, from New Zealand, is one of those films that begins with a hurricane of imagination and then dies down before the end into a mild little breeze. Bruno Lawrence is the last man left on earth (or so he thinks) after a nuclear experiment has gone horribly wrong. He stalks the devastated streets of Auckland. He moves from house to house in a rising quest for luxury (four-poster beds, champagne and caviare in fridge) and he even makes life-size board cut-outs to talk with (Hitler, Hitchcock).

But this fizzing spiral of judgment-day black comedy, climaxing in a defiant call to God himsel as Lawrence holds a plaster Christ at gun-point in a ruined church ("if you don't come out, I'll shoot tthe kid! is rudely sent into tail-spin by the entry of two new characters. They are a young woman (Alison Routledge) and a macho Maori (Peter Smith) and we soon—oh dear—have a cliche-besieged eternal trinagle. The last scene picks up dynamism as a new holocaust hurtles us into a whole new galactic ball-game (for *The Quiet Earth 2?*) But before that, the film's neutron bomb-style hokum has left all the eye-catching sets intact (lucent research base, the mock-up wreackage of a jumbo on a hilltop) but wiped out the characterisation.

There have been other dramatic waste-lands in the competition. How on earth was Cannes prevailed-on to select Clint Eastwood's *Pale Rider* as an official U.S. entry? This gloomy and pretentious western, starring Clint as a mystery gunman who defends a mining community from land-grabbers and who turns out to be "death" himself, might on a bad day have been made by Ingmar Bergman after seeing *Shane*. Shuji Terayama's *Farewell to the Ark*, the late Japanese director's last film, is a rag-bag of sex and surrealism about a young lady coping with ghosts, murders and chastity belts. And Joseph Losey's *Steaming* does nothing to aerate Nell Dunn's stage play about a group of women getting their pride and sense of purpose together in a public steam-bath despite try-hard performances from Vanessa Redgrave, Sarah Miles and the late Diana Dors.

The big question mark at Cannes this year has been over the extraordinary bias in favour of English-speaking films, though it's refreshing for Anglophone visitors not to have to put their eyes into up-down rhythm so often to read the French subtitles to a Bulgarian, Korean or Samoan masterpiece. Cannes is supposed to be an international get-together of movies and movie-makers. This year, it has begun to seem like a European arm of the American film market. And it's not as if the U.S. movies chosen by Cannes—from Eastwood's dunderheaded horse opera to Woody Allen's limp new comedy, *The Purple Rose of Cairo*, and Peter Bogdanovich's callow TV-style problem movie *Mask* (about a deformed boy) were so good that they defied competition from countries like India, Australia, Sweden or Spain.

In the unbounded territories of the Cannes market, you can see everything from the latest demented splatter movie (*Death Warmed Up*, *Igor and the Lunatics*) to a rousing political action-thriller from Norway (*Orion's Belt*) to whole lorry-loads of British movies, past and present, being trundled in to coincide with British Film Year. More about the Cannes fringe, and the final offerings in the main competition, in my next and final round-up.



Dhruva Mistry and his "Woman" in the Hayward Annual

The London Cuckolds/Leicester Haymarket

Michael Coveney

Edward Ravenscroft's *The London Cuckolds* (1681) was one of the most popular of all Restoration comedies but languished unperformed for two centuries until Stuart Burge's Royal Court revival in 1979. Now, Mr Burge has re-staged it for the Leicester Haymarket in an adaptation by John Byrne, who also designs.

The Leicester stage is fitted out by Mr Byrne with a charred house facade suitable to one of the major incidents, a false fire alarm, and the mood of night-time escapade that dominates the action. Two rakes, Townly and Ramble, advocate, respectively, the charms of alcohol and women. Ramble is the chief perpetrator of amorous intrigue, but his efforts invariably end in disaster.

His prey in Mr Byrne's version are the wives of two decrepit aldermen, Doodle and Dashwell. In Ravenscroft, Doodle's fellow burgher is in fact the septuagenarian Wiseacres who is here confined, along with his teenage country bride, the innocent but susceptible Peggy, to a reference in the opening scene.

Mr Byrne replaces the Wiseacres/Polly narrative strands with a cargo of contraband rum from the West Indies which Doodle and Dashwell have stashed among a delivery of oranges, resulting in mass arrest in the final garden scene. This is no real substitute, however, for the comic dynamic of Peggy's induction in the ways of London debauchery. Ramble achieves a snack, if not a full meal, with Peggy; here, he falls hilariously from a drain pipe, entangled in the ivy, after failing again to gain access to the simpering Eugenia.

Ravenscroft is not a writer in the class of Wycherley or Etherege—he has no pretensions to wit—but he is a vigorous farcical inventor. Not only Ramble but also Loveday (Malcolm Sinclair), a disguised longstanding (sic) admirer of Eugenia, are thwarted by reurning husbands, locked doors and misfired assignations. The delirious compendium of coital interruptions is not just accident: Loveday fails to rise to the occasion and Mr Byrne inserts a new line for Eugenia, "Heaven preserve me from this man's wagging member."

Eugenia is the "godly" wife, Sylvestra Le Touzel's pert and alabaster Arabella her "witty" counterpart often known in the play's history as "Lady No" on account of a famous come-on scene of lubriciously inflected negatives. Townly (Mark Sproston) is the beneficiary here, just as earlier he is hauled off to bed by Eugenia in the murky confusion of another Ramble fracas.

Michael Maloney, one of our finest young actors, is alive to Ramble's absurdity but a little lacking in the weight and fruitiness department. Stuck in a cellar window (Mr Byrne's set has a fine array of slatted and punctured apertures)—"A pox on little windows" is another Byrne invention—Ramble is beaten, set alight, doused in water and finally subjected to the pungent clap of fundamental wind of a passing chimney sweep.

The cuckolded aldermen of Barry Stanton and Donald Gee are full of pious smugness, Mr Stanton particularly good in the garden scene, Mr Gee somewhat emphatically unfunny when either sneezing or buckling his legs. In sum, an uneven production, a little short on aromatic city atmosphere, that at least has its Leicester run during which to iron out the creases before arriving at the Lyric in Hammersmith in the first week of June.

Nash Ensemble/Wigmore Hall

Andrew Clements

Through the winter, the Nash Ensemble's Wigmore Hall concerts had an Italian theme. That series has now ended, and in three programmes in May and June the emphasis is on British composers. Next month there are premieres of commissions from John Buller and Robin Holloway, while on Sunday evening the Nash revived one of the most memorable pieces written for it in recent years, Nicholas Maw's songcycle *La Vita Nuova*.

Of all Maw's works for voice, these settings of Italian renaissance poets encapsulate perfectly his lyrical gifts and fondness for rich, Straussian harmonies; the instrumental demands are relatively modest (10 players including a harpist) but the sonorities are always ample and magical. The songs were sung here by Nan Christie, a late replacement for Elizabeth Gale; without wanting to detract from the accuracy and suppleness of her performance, one was tempted to wonder exactly what voice Maw had in mind when writing the extremely demanding vocal lines, for they imply sumptuous tone and range as well as technical accuracy; in a sense, their lyricism is as idealised as the romantic love with which the poems deal.

Lionel Friend conducted, laying bare the instrumental lines rather than producing a more generalised late-romantic warmth. Around Maw, the Nash grouped Britten's Op. 1 Sinfonietta and Schubert's Octet, both of them in finely finished, broad accounts that at the same time were just a little predictable. One expects, and almost always gets, impeccable playing at Nash concerts; a few musical surprises, a change of approach to a repertory work here and there.

Duo recital/Wigmore Hall

Richard Fairman

Few composers have chosen the unusual combination of horn and voice for their music. The most well-known example remains Benjamin Britten, whose friendships with horn-player Dennis Brain and tenor Peter Pears encouraged the composition of the *Serenade for tenor, horn and strings* and *Canticle III, Still falls the rain*—but other pieces, across the full spectrum of musical styles, do exist.

On Saturday evening at the Wigmore Hall (where, coincidentally, both the Britten works had their premieres) soprano Sheila Armstrong and instrumentalist Barry Tuckwell joined forces to exhume some of the more obscure examples of the genre. This was a delightful programme with some real rarities: only Schubert's "Auf dem Strom" could claim to be a familiar item, a rondo-like song of typically heavenly length which can be heard on a number of recordings.

For the rest, one hearing will probably be enough. Donizetti's "Dirti addio," one of a mountain of unknown songs, was typically operatic and "Alphorn" by Richard Strauss, which was written when the composer was 12, was a fascinating glimpse at early influences with its easy tunefulness and rich textures. But neither these, nor Berlioz's "Le jeune pâtre breton" (intended for voice and orchestra, according to Grove), are likely to repay further listenings.

Some of the best music came in Barry Tuckwell's solo items. Dukas's *Villanelle*, an old Dennis Brain favourite, shows how expressive the horn as an instrument can be when liberated from its usual Teutonic woodland hunting calls. And Koechlin's Sonata in G takes the imagination still further, inviting a range of effects culminating in a visionary final fade which Tuckwell managed with his customary finesse.

The trouble with Sheila Armstrong's vocal solos was that she was not horn-like enough. Where Tuckwell's instrument had ease and resonance, hers was tense and managed with difficulty; Strauss's "Waldseligkeit" suffered from a pianissimo which refused to carry and the voice refused to expand at its top to match "Heimliche Aufforderung," ideally a man's song. Rossini's *La Regata Veneziana*, relying on character alone, was much more of a success. Roger Vignoles was the sympathetic accompanist.

New Sadler's Wells Opera plans

The New Sadler's Wells Opera is to visit the 1985 Israel Festival in May. There will be a seven-week London season at Sadler's Wells from October 15 to November 23, and a four week tour of Britain during November/December.

For its first trip abroad the Company is taking "The Mikado" to Jerusalem for three performances in the 3,000 seat Binyanei Ha'ooma Theatre. The tour is sponsored by the British Council.

At Sadler's Wells Theatre the company will present a new production of Franz Lehar's "The Merry Widow," in a new translation by Nigel Douglas, a new production of "La Traviata," and a revival of its successful "HMS Pinafore."

The company plans to take "The Merry Widow" on tour to Newcastle, Glasgow and Bath. It is a co-production with Opera North, sponsored by The Prudential Assurance Company.

Princess of Wales is new RAM President

The Princes sof Wales has become the new President of the Royal Academy of Music on the retirement of Princess Alice, Duchess of Gloucester, after more than 42 years in the presidency.

Galleries/William Packer

The Hayward's one-man show

Democracy, our modern shibboleth, has as much to do with the delegation on the one hand, and the answerable acceptance on the other, as with the visible sharing of responsibility. Committees, we know, have their uses; but with the visual arts, as with the camel, a consensus thus achieved might still seem something less than a committed judgment for right or wrong and more a general moderation of shades of opinion, principle, intention, function and quality.

It would be quite unfair to say that the distinction is altogether lost on our Art Council's Department of Art; but it is true that the one feature of this year's Hayward Annual that has lent a certain piquancy to our expectation has been the knowledge that, for once, the job of its selection was offered to one man and, moreover, taken up gleefully.

New ground also is broken by the fact that he is a dealer, a specialist of a kind for to long wastefully treated to institutional suspicion as though those more favoured creatures, artists, critics and curators alone, have no conceivable personal interest to consult and no hobby-horse to ride. It is, of course, just such a personal interest, no matter whose, that is the point; for it can at once be taken into consideration, to qualify and inform whatever is offered up. A moment's thought tells us that asking a dealer to make his choice—and, after all, he must live by putting his money where his eyes are—is no more than a reasonable and even obvious thing to do.

Nigel Greenwood, who has been one of our most adventurous and discriminating dealers one way and another for nearly 20 years, has let no one down, least of all himself; and if his collation, confined this year to the Hayward's lower galleries (the Degas Prints are upstairs until July 7), should seem unwontedly slight in terms of the number of artists chosen and works shown, it is far from insubstantial in its quality or narrow in scope; in fact, it is as fresh and lively an Annual as we could want.

The points Greenwood makes overall are simple enough: that even a dealer's sympathies may extend far beyond what he can show in his own gallery; and that his judgment is informed by the wider context in which it has been set, so that there need be no essential conflict or inconsistency in celebrating works of widely differing kinds, by young artists or old, so long as the engagement is serious and the particular work of high quality.

Thus, he begins the exercise with a homage of sorts to the two greatest living British artists, showing one work apiece and both of them masterpieces from about the same time: the great elmwood reclining figure by Henry Moore, begun in 1959; and one of the Van Gogh Portrait Studies of 1957 by Francis Bacon—of whom rather more next week.

High on the far wall hangs a recent carved, fragmented marble roundel by Stephen Cox; the huge Shrubberies Drawing by Gilbert and George of 1972, almost a tapestry, fill another entire wall and confronts the visitor as he walks through the door. Then there is an occasional piece by Tony Cragg called "Stack," which is quite literally what it is: a large and deceptively simple, very crisp cube of assorted timber and other material put together there and then for the exhibition.

With these five works, Greenwood elegantly and appositely declares himself and the scope of his exhibition; setting out, as it were, the art world as he has known it all these years—as it was when he first moved into it, and as it is now. There it all is, painting and drawing and sculpture; and we soon move on to discover that photography has a place in his art world as well, and craft, too, though with only a peremptory nod in this last direction towards Ann Stokes's ceramic plates. Thomas Joshua Cooper's immaculate photographic studies of landscape take us in close to the detail of undergrowth and foliage as the microcosm of the larger world, landscape almost as still-life; and if they barely clarify the issue of the photograph as fine art, they are very beautiful indeed. Richard Long's photograph-cum-map pieces nearby, that conceptually embody his schematic walks through the countryside, curiously are less problematical.

For the rest, it is in the nature of any mixed exhibition, especially one so openly personal as this, that not everything should be of an equal interest, nor even acceptable to every taste. But every artist is given room to make his case, to stand or fall by a full display, and there are surprises and expected pleasures enough.

Bridget Riley's is the single most impressive contribution with a clutch of recent paintings, all vertical and particularly orchestrated stripes of pure colour, with a space to themselves, which is indeed no surprise; but it is as real a pleasure, and a revelation besides, to see the run landscape gouaches by the late (and, sadly, too-much neglected) Australian painter, Fred Williams. And though the set of Mask drawings by Victor Willing is perhaps more curious and intriguing than actually impressive, it is good to see that his critical, and thoroughly deserved, rehabilitation continues. With another stack — more a column, in his case—and a judicious dismemberment of a tree trunk, David Nash shows himself in more positively monumental a mood than usual, though I liked his small peat stove best of all.

Dhruva Mistry's brightly coloured mythical figures and beasts make for a wonderful mixed marriage of East and West, the cultural richness and imaginative power of the one to the cooler, formal ambiguities of the other. And Nicola Hicks's extraordinary gift, which we first glimpsed for a day only at Angela Flowers last summer, is given more substance by the wart hogs and the goat she shows here, as engaging and delightful as they are sculpturally and creatively adventurous.

Half Moon/Antony Thorncroft

All change at Mile End

As time ticks away for the GLC, so those London theatres that depend heavily on its generosity for subsidy seek ways of surviving in the brave new world. The Arts Council, through its local satrap, Greater London Arts, will do its bit, as will some local councils; but no one imagines that the shortfall will be made up, and there is general agreement that some theatres will close.

Hence, the need for theatres to raise their profiles and to sell themselves to the new paymasters. And, hence, the gathering of company executives at the Half Moon in the Mile End Road tomorrow night for a party, and a few words from the Minister for the Arts, Lord Gowrie, and a performance of *Sweeney Todd*, the theatre's present success.

The Half Moon once was the quintessential fringe theatre, attempting to bring drama to its East End audiences by identifying with their problems. Its plays about the class struggle did not win it capacity houses but they brought it a 1985-86 subsidy of £166,000 from the GLC, as well as hefty contributions from Tower Hamlets and the Arts Council.

Now, all that is changing. Under its new artistic director, Chris Bond, it is striving to become the regional theatre not only for the East End but also for the Docklands area with its rapidly rising population of the middle classes. The Half Moon has successfully raised £1m to build a new theatre, which has just opened. But this has doubled the seating to 400, which means a need to double the audience each night. Playing to the political faithful is out: becoming the major theatrical venue of East London (while not forgetting the City is just over a mile away) is in.

The Half Moon is seeking another £1m to complete the redevelopment of the site into a most attractive place with a Gate Tower entrance, a courtyard with a cloister, and a large bar. Just the venue, in fact, for a conference.

The businessmen invited tomorrow from Marks and Spencer, Tesco, Midland Bank and Wiggins Teape, among others, will be encouraged to support the Half Moon, and also perhaps to book its facilities. For starters, it is hoped to attract funding for a competition to find the best and most flexible seating for the new theatre—the present chairs are temporary. Then, there are productions to sponsor, covenants to be made.

The Half Moon does not intend to compromise on its artistic policy. After *Sweeney Todd* comes David Edgar's *Destiny*. It will still be dependent on subsidy for the bulk of its income, but it is making strenuous efforts to sell its new attractions to both wider East End audience and commerce.

More people attend Contemporary Music Network concerts

More than 18,000 people attended concerts in the Arts Council's Contemporary Music Network 1984-85 season. This was an 18 per cent increase in average attendance over the previous year. The largest single audience of the season was 1,300 at the Colston Hall in Bristol for the London Sinfonietta.

The two most successful tours, attracting more than 4,000 people each, were those by the London Sinfonietta and the United Jazz and Rock Ensemble.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 17–23.

Opera and Ballet

ITALY

Milan, Teatro alla Scala: Macbeth conducted by Claudio Abbado – the production is based on Giorgio Strehler's 1975 edition. In the cast, Ghena Dimitrova, Francesca Garbi and Aldo Bramante. (80 91 26)

Rome, Teatro dell'Opera: Three ballets (with the splendid Maja Plissetskaya): Petroushka by Fokine, Les Biches by Nijinskaya and Phedre, with choreography by Serge Lifar, conducted by Alain Lombard (46 17 55).

NEW YORK

New York City Ballet (New York State Theatre). A new ballet by Jerome Robbins joins Balanchine and Robbins favourites, including A Midsummer Night's Dream, Firebird, La Valse and Apollo, in the company's two-month season. Ends June 23. Lincoln Center (870 5570).

WASHINGTON

The Suzuki Company of Toga (Terrace): A bit of the 1984 Olympic arts festival plays Washington. Kennedy Center (254 9895)

NETHERLANDS

Arnhem, Stadsschouwburg. Michael Clark & Company with their dance programme Not H. Air (Wed). (42 27 41).

Eindhoven, Stadsschouwburg (Toneelhuis). Introdans with Ed Wubbe's Another Journey (John McDowell), and Nils Christe's Quartet I (Shostakovich) and Pub (Martinu). (Wed). (11 11 22)

VIENNA

Staatsoper (53 24/26 35): Der Rosenkavalier conducted by Stein with Leonie Rysanek, Fassbaender, Laki, Lotte Rysanek: Fidelio conducted by Fischer with Behrens, Ghazarian, Brenneis; Aida conducted by Klobucar; Richard Strauss' Capriccio conducted by Stein with Janovitz, Jahn, Steinsky, Helm, Moser.

Volksoper (53 24/26 57): My Fair Lady, Das Land des Lachelns; Orff's Die Kluge; Suppe's Die Schöne Galathee; Millöcker's Der Bettelstudent; Offenbach's La Vie Parisienne.

PARIS

Nederland Dans Theater continues to astound and enchant under its Czech director Jiri Kylian at the Théâtre de la Ville (274 2277).

Debussy's Pélleas et Mélisande, Teatro Alla Scala de Milan production with the Paris Opera and the Théâtre Des Champs Elysées conducted by Hans Zender, production by Gian Carlo Menotti with Pélleas sung by Laurence Dale/Francois le Roux, Mélisande by Barbara Hendricks/Colette Alliot-Lugaz. Théâtre des Champs Elysées (723 4777)

Henze's Boulevard Solitude after Manon Lescaut in Nancy's Opera-Theatre production in Pier-Luigi Pizzi's scenography. Costumes by Marc Bohan. TMP-Chatelet (233 4444)

WEST GERMANY

Berlin, Deutsche Oper: Manon Lescaut, sung in Italian, has fine interpretations by Raina Kabaivanska features Karen Armstrong, Kaja and Franco Tagliavini. Tosca stars Pilar Lorengar and Giacomo Aragall. Boris Godunow returns to the programme. Pélleas und Mélisande Borris and Harald Stamm. La Bohème has Alberto Cupido excelling as Rodolfo. (34 381).

Hamburg, Staatsoper: Die Meistersinger von Nürnberg brings together Beatrice Niehoff, Robert Schunk and Hans Sotin. My Fair Lady has Jutta Renate Ihloff as Eliza Doolittle and Boy Gobert playing Henry Higgins. The Magic Flute has Elfie Hobarth as Queen of the Night. Madame Butterfly rounds off the week. (35 1151).

LONDON

English National Opera, Coliseum: The Midsummer Marriage, Tippett's most abundantly lyrical musical outpouring, returns to London in the new production by David Pountney, conductor Mark Elder. Further performances of the fresh-look Madam Butterfly, with Janice Cairns in the title role and John Mauceri as a lovingly expansive Puccini conductor; and of The Marriage of Figaro, a rather uneven revival with at least the Cherubino of Diana Montague and the Count Almaviva of Richard Van Allan to recommend it. (836 3161).

Sadler's Wells, Rosebery Avenue: Merce Cunningham series continues. (278 8916).

Royal Opera, Covent Garden: Only a single opera performance at Covent Garden this week – the last in the current run of King Priam, revived to celebrate Michael Tippett's 80th birthday, and worth catching for the very fine singing (from Robin Leggate, Phyllis Cannan, Felicity Palmer, and Deon van der Walt, among others) rather than for the new dated and rather tatty production. (240 1066).

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Tuesday May 21 1985

Not forgetting Ireland

THERE has always been a tendency when a British government gets into difficulties at home, or begins to think about the next general election, to relegate the Irish question to the third division as something than can be dealt with another time.

Mrs Thatcher's second administration has not reached that position yet, but it is still worth recalling the relatively high hopes with which it started. There was a British government with a pretty clear run and freedom of action for a good four years. The constitutional parties in the Republic were working together on the report of the New Ireland Forum, which they duly produced last May. There have been some upsets since then: in particular, Mrs Thatcher's press conference after her meeting with Dr Garret FitzGerald, the Irish Prime Minister, last November when she appeared to dismiss the forum report out of hand. Relations have been subsequently repaired, but there is still a long way to go.

In this, as in so much else for Mrs Thatcher's administration, the next few months will be extremely important. The Government has to decide its priorities for the next two years and whether the Irish question remains among them.

It is possible to argue that the question has gone some way towards resolving itself. Apart from the occasional spectacular incident (there was one yesterday in which four people were killed), the level of violence has gone down. Sinn Fein did reasonably well in the local government elections in Ulster last week but no better than expected and it certainly did not make a breakthrough.

Besides, so this argument goes on, summit meetings between British and Irish prime ministers tend to end in tears. They build up expectations, are followed by mutual recriminations. Not least, the Irish question is no longer central to British politics. It has become, as indeed it is, more of a question for the Irish.

The argument has its charms, but is not entirely convincing. It should not be forgotten that despite the emotional ups and downs relations between London and Dublin have progressed considerably in recent years. The Irish now co-operate on security in a way that would have been inconceivable in the 1970s. The two countries live together in the wider European Community. The forum report explicitly stated, as Dr FitzGerald repeatedly reinforces, that any solution must take into account "the right of unionists to effective political, symbolic, and administrative expression of their identity, their ethos and their way of life."

In other words, there is no longer an immediate demand for Irish unity, but only for a steady process of reconciliation. That is coupled with the warning that, if an advance towards reconciliation is not achieved, the catholic community in the north may move more and more towards Sinn Fein and the IRA.

Postponed

In his speech to his party conference last weekend, Dr FitzGerald said: "There is a minority community, excluded from power for half a century, a substantial section of which has been alienated from the system of government in Northern Ireland, from the operation of the security forces, and even from the legal and judicial system — an alienation that must be ended." He added that any viable solution must be acceptable to the unionists, not threatening their identity, but securing it in conditions of peace and stability.

Talks between the British and Irish Governments at official and ministerial level have been going on since the summit meeting in November. Dr FitzGerald on Saturday put their chances of success as, at best, 50-50. There was to have been another summit meeting this month. It now seems likely that it will be postponed until, at least, September.

There is nothing wrong with postponement if it leads to a better, more carefully perpared, result, but one would like to hear from the British Government that the Irish question is still high on the agenda.

The alternative to Serps

THE British Government's decision in principle to phase out the State Earnings Related Pensions Scheme (Serps) has met with some predictable criticism. The trade unions, the CBI, the Labour and Alliance parties and even some life assurance companies have all expressed reservations. Mr Norman Fowler, the Social Services Secretary, will therefore be relieved to learn he is not entirely friendless. A substantial new report, Pensions: the Problems of Today and Tomorrow, published last week by the Institute of Actuaries, gives the Government's approach to retirement provision some timely intellectual support.

Mr Fowler is likely to welcome the independent report for at least two reasons. First, although the actuaries, led by Professor Bernard Benjamin of the City University, take a relatively sanguine view of demographic trends, arguing that the rising ratio of pensioners to workers will not impose serious strains for 30 to 40 years, they nonetheless agree that the abolition of Serps would be desirable. Dispensing with the scheme, they argue, would in the longer term allow either a reduction in National Insurance contributions or a more generous basic state pension.

Second, the Benjamin report criticises many aspects of private occupational pension schemes. Most of the criticisms echo the Government's own reservations about Serps. The authors argue that pensions which offer "defined benefits" (the vast majority of occupational schemes offer benefits linked to final salary) give "an appearance of security that we consider an illusion." Mr Fowler might use the same words to describe Serps' promise of a pension linked to an individual's income in his best 20 years of work and indexed for inflation. The security of defined benefit schemes, argues Benjamin, "depends wholly on the ability of the economy to provide the expected return on capital."

Attractions

The Government will not only agree with this critique of defined benefit pensions; it will also endorse the alternative put forward in the study. Prof Benjamin and his colleagues see merit in "money purchase" or "defined contribution" pensions. Such pensions are personal and portable because there is a direct link between the contributions of an individual (and his employer) and the benefits eventually received. The pension depends entirely on the investment return on the funds invested by employer and employee.

The attractions of a "money purchase" alternative to Serps need no spelling out. The Government could present the denationalisation of the scheme and the encouragement of more personal saving as another big step towards its goal of a capital-owning democracy. The privatisation of pensions might eventually become as popular as the sale of council houses.

However, there are two reasons why such an alternative would need to be phased in only very slowly. First, the portable pensions industry is not well regulated: a sudden influx of ill-informed new customers would invite trouble. Commission rates would need to be closely monitored and the presentation of products standardised.

Safety net

More fundamentally, it is important not to lose sight of the original purpose of Serps which was to alleviate poverty in old age which, with 2m pensioners at or just above the supplementary benefit line, remains a pressing problem. The Benjamin report points out that modern money purchase pensions, by investing in index-linked securities, can offer more security against inflation than was once the case. But even if the Government were to issue many more index-linked gilts, individuals would not feel that the money purchase alternative offered the same degree of security as Serps.

For this reason, the phasing out of Serps ought to be accompanied by a substantial increase in the basic "safety net" pension. This would be possible if the Government were prepared to accept the powerful case for a wholesale reform of the social security system. If all benefits (including child benefit) were withdrawn according to the income of recipients, the Government could afford, at no net cost, to be much more generous to the very poor. The computerisation of the tax and benefit systems should be complete within a few years. Assessment for benefits could then become impersonal and automatic and the stigma attached to means-testing removed. Failing this, Serps does promise protection against poverty for 11m people, and its abolition is likely to prove a political liability.

OLIVETTI'S GLOBAL STRATEGY

The key men at Olivetti: (centre) Sig Carlo de Benedetti, 50-year-old chairman and chief executive who arrived in 1978; (right) Sig Elserino Piol, 53-year-old Vice-President for Strategy who has been with the company for 31 years; and (left) Sig Vittorio Levi, 47-year-old Vice-President for Operations, who has been with Olivetti since 1963

The dash for growth — and the risks

By Alan Friedman in Milan

AT TIMES recently it has seemed as if there were no limit to the number of deals and alliances being hatched at Olivetti group headquarters in the quiet Piedmontese town of Ivrea. American Telephone and Telegraph, Acorn, Xerox, Toshiba . . . the list is growing and the pace is brisk. What then is going on inside Europe's leading office automation equipment maker?

The answer is that Olivetti, a company which has achieved a remarkable resurgence in the last five years by transforming itself from a flagging maker of mechanical typewriters into one of Europe's foremost data processing equipment producers, is poised to make another leap. The new strategy, under the dynamic leadership of Sig Carlo de Benedetti, is to jump from being a successful European hardware manufacturer into being a global player in the office automation market, providing a complete package of information equipment and telecommunications.

This strategy, as Sig de Benedetti would be the first to admit, is not without risk. Crucial to its success is a bid to achieve high volume sales in Europe, the U.S. and Japan, which Olivetti needs to compete with the likes of IBM and then to secure and hold a world-wide niche in years to come.

If Olivetti succeeds with its planned strategy, it will become the first and only European office automation equipment maker to stake out a global position.

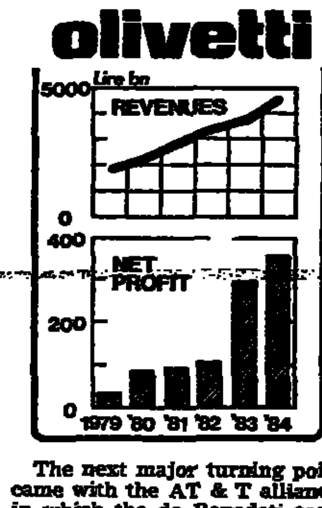
The principal means of achieving this goal has been the de Benedetti strategy of forming major joint ventures such as the December 1983 alliance with AT&T (under which the U.S. telecommunications giant took 25 per cent of Olivetti with an option to control 40 per cent in 1988) and last week's new partnership with Toshiba of Japan (under which the Japanese office automation group with $11.5bn of sales is buying 20 per cent of Olivetti Japan and the two companies are planning to help each other market in Asia and Europe).

In addition, Xerox recently joined AT&T as the second major group to sell Olivetti personal computers in the U.S. market.

Now that the Toshiba deal has been announced, providing the vital Asian third leg of a triangular global strategy which takes in Olivetti's home strength in Europe and its need to penetrate the U.S. market, important questions must be faced. Are these joint ventures profound enough to achieve Sig de Benedetti's declared policy of being among the world market leaders in office automation? Do they amount to genuine partnerships with technology sharing and joint product development? Or are they at present merely dressed-up supplier agreements for Olivetti? Is Olivetti's dash for growth in the volatile market for personal computers (which this year is likely to account for little more than a fifth of turnover) matched by sufficient emphasis on the other elements of office automation, such as software and communications technology?

These are make-or-break issues for Olivetti, a group which in 1978 (when Sig de Benedetti arrived as chief executive and 15 per cent shareholder) was a loss-making and debt-laden company with a negative book value. Last year, Olivetti achieved record net income of L356bn ($183m) on record group sales of L4,578bn ($2.3bn). Total debt today represents only one sixth of Olivetti's L1,968bn equity base.

The impressive turnaround accomplished since 1978 is the key to appreciating the de Benedetti capacity to think the industrially unthinkable. Since he took over, Olivetti has boosted capital through six share issues in five years, laid off more than 15,000 workers, increased spending on factory automation, dramatically reduced debt and aggressively marketed products including electronic typewriters.



The next major turning point came with the AT & T alliance, in which the de Benedetti team demonstrated its awareness that even as a manufacturer with a broad line of personal computers, word processors, banking terminals, typewriters, cash registers and more, Olivetti would have been relegated to eventual obscurity without a partner in telecommunications and an effective presence in U.S. and Far Eastern markets.

The AT & T deal came after Olivetti tried and failed for 30 years to penetrate the U.S. market. The most recent error was the 1982 merger of Olivetti's U.S. subsidiary and Docutel, a Texas-based bank automation company. Docutel has been plagued by management troubles and severe losses ($41.8m on $163.9m of sales last year).

Sig de Benedetti makes no bones about the situation in the U.S. "After many unsuccessful ventures, which I have to admit I am not proud of, we were not able to solve the problem in the U.S."

So in late 1982 and early 1983, he says he and Sig Elserino Piol, vice-president for strategy, "spent many evenings and Sundays thinking about who could be our U.S. partner."

"Our options were to give up and sell the company or form a partnership. So in early 1983 I telephoned Mr Charlie Brown (AT & T chairman) who I didn't know personally and I told him I had made a proposal. I went to the U.S. to visit him and we had breakfast together and he listened in silence as a proposed a partnership and at the end he said: "I think this makes sense. We should explore it," Sig de Benedetti recounts.

But was AT & T, a lumbering ex-monopoly which is still largely in telecommunications rather than office equipment, the most desirable partner? Sig de Benedetti answers with a question: "Who else was there? Who would you have chosen?"

Then, showing his own thinking on joint ventures, he adds: "I don't believe in marriages unless both parties have an interest." The mutual interests do exist: AT & T needed a personal computer line and the (IBM-compatible) Olivetti M-24 filled the bill. Olivetti needed the telecommunications part of the office systems package and U.S. distribution. It also needed U.S. volume—the company still derives only 10 per cent of group revenues from North America.

The volume has come according to Sig Vittorio Levi, vice-president for group operations. AT & T last bought $160m of M-24 computers to sell as the AT & T PC 6300 in America. This year, the transfer price value should be $300m and in 1986 between $300m and $350m.

But analysts in the U.S. say the PC 6300 is not selling well and claim that AT & T lacks market credibility.

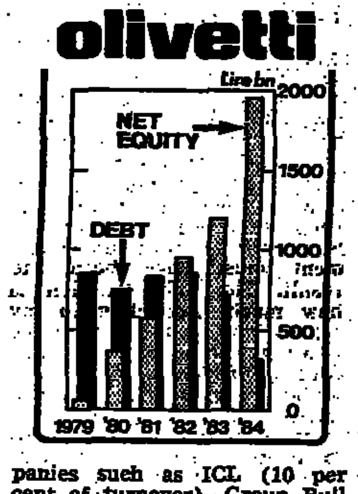
Mr Frederick Withington, Boston-based vice-president of Arthur D. Little, says the PC 6300 "has done badly."

Ms Linda O'Keefe, associate director of Dataquest's market research office in San Jose, says the problem is that AT & T is busy promoting its Unix multi-user system, whose software package is not compatible with the PC6300. For this reason she reckons that "AT & T doesn't have a marketing presence in Corporate America which allows it to move personal computer products such as the PC 6300."

Olivetti answers these criticisms by saying the orders from AT & T are flowing in (although it says it cannot comment on how the PC 6300 is selling).

For Mr Withington and other analysts, the crux of the problem is that while Olivetti "has done wonderful things in building low-priced quality products, there is a lack of software." The lack of software is all the more important as Sig de Benedetti says, "Our future is not to sell pieces, but to solve problems with complete office systems."

Likewise, it is not yet known how much AT & T know-how is flowing to Olivetti from the famous Bell Laboratories, or how quickly AT & T communications technology is being built into Olivetti's product line. Olivetti itself last year spent L228.5bn ($115.4m) on R. and O, equivalent to 5 per cent of total revenues. While Olivetti regards this as a healthy level, it does not compare well with the kind of R. and D. expenditures being made by other European companies such as ICL (10 per cent of turnover), Group Bull (14.2 per cent) or Nixdorf (9.3 per cent). z



Dataquest is forecasting an average 20 per cent annual decline in personal computer prices over the next few years. It also notes that whereas in 1978 the average product life on the market was four years, at present it is down to two years. By 1989, Dataquest says the product life will be 18 months. These stark forecasts explain why Olivetti is racing to achieve as much volume as possible and has invested to produce up to 1,100 personal computers a day.

Olivetti denies charges that its management contracts with AT & T are inadequate. Sig Piol, for example, is constantly shuttling between Ivrea and New York. But on June 1, Olivetti is sending Sig Vittorio Cassoni, at present group marketing head, to open a new office in New York. His brief is to pull together the various strands of what he calls "our divided presence in the U.S. market." This will mean closer liaison with AT&T and Xerox.

It also means working with the 46 per cent-owned Docutel, which Olivetti hopes to take 100 per cent control of through an offer to shareholders worth $20.2m.

Back in Europe, where Olivetti remains the market leader in typewriters (with around 35 per cent of the market) and a major force in office automation, Sig de Benedetti stresses the need for continuous growth. Last year sales in Italy accounted for just above a third of group sales. Europe as a whole represented 72 per cent of Olivetti group sales. At a time when many European companies are in retreat, even losing market share at home, Olivetti is forging ahead.

The U.S. is important, but Sig de Benedetti predicts that by 1990 it will account for only around 15 per cent of (larger) group sales. In Europe, last week's acquisition of 49 per cent of the Munich-based Start computer retail chain was the latest step in Olivetti's plan to operate a Europe-wide retail network (it already has chains in the UK and Italy.

There is more to the European strategy. Olivetti does not rule out the prospect of a Xerox-type marketing arrangement in Europe, perhaps manufacturing for another company. The recently launched video-typewriter is pitched for the European secretarial market. Olivetti reckons the market for this intermediate-stage product will reach $1bn by late 1986. In Britain, Olivetti hopes next year to begin selling AT&T's PABX (private telephone switching) network. In addition, Olivetti is also developing ties with more than 30 high technology companies in both Europe and the U.S., through its venture capital investment subsidiary.

As far as Olivetti is concerned, the strategy of achieving international volume and market penetration through joint venture alliances may entail certain risks, but it is the only alternative available. The key risks would appear to be a loss of direct control over distribution in the U.S., a need to move quickly to develop the software and telecommunication elements of the office package and the danger of becoming known in the U.S. or Japan less as Olivetti and more as "that Italian supplier" of AT&T, Xerox or Toshiba.

It can reasonably be assumed that Olivetti is already considering these risks, which can be ignored only at the company's peril. But in trying so many different options to achieve its ends, Olivetti is, as Sig de Benedetti admits, including a bit of gamble in its strategic planning.

The rewards can be high indeed, but so are the risks.

Men and Matters

Biogen loses research boss

Dr Julian Davies, the Welsh scientist who has just resigned as Biogen's research director in Geneva, has been its most highly-respected scientific presence since its founder and chief executive officer, Walter Gilbert, quit last December.

Unlike Gilbert, whose resignation had been urged by some investors, Davies' defection can do nothing but harm to Biogen's City image.

Ironically, Biogen itself helped sow seeds of dissatisfaction when it granted Davies a sabbatical last summer in its own U.S. laboratories. "I had a lovely time," he says wistfully.

Davies, a former bioscience professor, realised how much he missed "finding things out," as he puts it. He also admits he has been needled by colleagues expressing surprise that an academic-turned-businessman should still show so much interest in the science.

At 53, and "the height of my intellectual and physical powers," he grins self-consciously, he is looking for a new post, preferably in Europe and preferably researching in Academe.

Why leave Biogen without first seeking a new post? Davies still has a strong sense of loyalty to the company where he has learned, reluctantly, to become a businessman.

He has agreed to take time off from his job-searching to give his successor any help he can over the next six months.

"Floribunda Owen — looks pink to some, blue to others."

Milk float

The ups and downs of new ventures in biotechnology are a regular feature of the stockmarket these days—but one traditional area shows continuing stability.

Cheese-making is about 8,000 years old, invented in south west Asia, and taken up by Roman entrepreneurs who mastered the technology and spread it throughout Europe.

Frank Kosikowski, a cheese-addict and Cornell professor of food science, says there are now about 2,000 different varieties of cheese, derived from 20 basic types, all relying on a single process (not many people know that).

Writing in the current issue of Scientific American, Kosikowski says there are cheeses made from the milk of yaks, llamas and camels. A million French goats yield a bluish milk which goes mostly to make Roquefort.

There could be a lot more varieties but for the [illegible] of milking guinea-pigs and whales, he adds regretfully. [illegible] university actually tried to make a milking machine for guinea-pigs but the yield proved too small.

Forex flock

Like foreign exchange dealers everywhere, those in the Channel Islands have felt a need to flock together—if only for mutual moral support in a notoriously nerve-racking profession.

An idea mooted 12 months ago to form some kind of club has developed into a fully-fledged Channel Islands Forex Association which is to be launched on May 31 with 120 members.

The seven-man committee lunched two top officials—Jersey's economic adviser, Colin Powell, and Guernsey's recently-appointed banking supervisor, Richard Whitford—to explain why the move should be good for the islands.

Committee member, Paul Mathews, dealer with the Guernsey subsidiary of a Dutch bank, Pierson Heldring and Pierson, thinks the association will help to show a sometimes sceptical international market that the Channel Islands are not just the home of nameplate banks but "a real money centre."

Mathews reckons there are about 60 banks in the islands trading on a substantial day-to-day basis in at least six or seven major currencies and a score of minor ones.

Needle point

The rise of feminism, I thought, would have diminished such traditional domestic pursuits as knitting. But no: "Sewing may be looked on as a chore, but knitting is regarded as a craft and is enjoying a worldwide boom," says Robin Baxter.

Baxter is marketing manager of Henry Milward & Sons, a Midlands-based subsidiary of Coats Patons, which produces 1.5m knitting needles a week.

It exports 72 per cent of its needles—made either from aluminium or plastic—to 67 different countries, but mainly North America and Europe.

Now it has penetrated the toughest market of all with an order from Naito Shoji, of Japan, for up to 20m needles worth around £850,000 over the next two years.

Japanese women are apparently casting chunky sweater on and off at a phenomenal rate. But Baxter had been unable to sell them more than £15,000-worth of needles a year before negotiating this deal through contacts made on a Birmingham Chamber of Commerce trade mission.

"And even when we had the deal more or less stitched up," he says, "we had to provide extra assurances about delivery. They were worried by the miners' strike—but we could tell them we had never had a strike in the company's 255-year history."

Though knitting needles make more money for Milward, it still produces a far greater volume of sewing needles—around 12.5m a week.

"That side of the business," says Baxter, "is a bit like the mustard on the plate. It's the number that are lost on the carpet that keeps up demand."

Team spirit

British Telecom note . . An Indian company yesterday held its annual general meeting in a Bombay football ground to ensure all its shareholders who wanted to attend could do so.

Reliance Textile Industries, one of the country's fastest-growing companies now diversifying into petro-chemicals, has 1.2m shareholders on its register—the largest number in India's corporate history.

There was almost a riot last year when some 200 shareholders were unable to get into thhe agm, held in a public hall.

Twelve thousand turned up yesterday, and nearly half of them had to stand on the pitch. But they left happily enough after chairman, Dhirubhai Ambani, reported over the public address system that profits were up nearly 59 per cent to R611m (£40m) and the company was paying a 40 per cent dividend.

Observer

Letters to the Editor

Real wages and employment

From Lord Kaldor.

Sir,—It is difficult within the confines of a letter to deal with *the many points raised by your* correspondents in response to my letter on wages councils (May 15). I shall confine myself to what I regard as the most important points.

It is generally agreed among economists that in any optimal situation, wages (of any particular grade of labour) in a particular industry are the same for all workers, i.e. that there is no "exploitation" of labour in the sense that on account of imperfections in the labour market, some employers manage to pay less for labour of the same productivity than others. This *makes for a sub-optimal use of* resources: inefficient firms, which would not survive in a perfect market can "muscle in" and thereby reduce the level of industrial efficiency. It was generally recognised (at least since Marshall wrote on the subject) that the social advantage of unionisation and collective bargaining is to prevent the exploitation of labour in this particular sense, i.e. to compel all employers to pay the same wage for the same labour. This means that if the "marginal worker" is paid higher wages on account of an increased demand for labour, the rise should extend to all workers and not be confined to those additionally employed. This advantage is confined to the power of the unions to prevent the exploitation of labour by "bad" employers. It does not extend, of course, to the enhanced power of unionised labour (real or fancied) to raise wages in excess of the rise in productivity.

It was recognised by the Liberal Government of 1906 that there are some trades where one cannot rely on unionisation to *do the job* of eliminating the exploitation of labour. These are likely to be the trades where wages are particularly low and where immigrant labour (more open to exploitation) is likely to be important. (Hence my somewhat misunderstood reference to Russian emigrants in the East End of London clothing trade.) It is for such trades that the Trade Board Act of 1909 established "boards" (which came to be called "wages councils") initially for four trades (which included ready-made and wholesale bespoke tailoring) and was later extended to many others in the Act of 1918. This Act explicitly recognised "inadequate organisation of workers or employers" as justifying the establishment of a board with powers to fix minimum wages. While at one stage (in 1918) 44 such "boards" were in existence, at present they extend to less than 10 per cent of employees, and as one of your correspondents points out, only 4 per cent of firms took the view that wages councils represented a burden on business.

But the chief *error*, underlying the views of most of your correspondents, lies in the philosophy of Mr Lawson (and *presumably of Mrs Thatcher*) according to which unemployment is due to wages being too high. As against that all statis*tical evidence (since 1885 at* any rate) shows that real wages and employment are positively correlated, not negatively.

(Professor) *Nicholas Kaldor.*
King's College,
Cambridge.

The rise in teenage pay

From Dr W. Siebert.

Sir,—The view put forward by Samuel Brittan (May 13) that wages councils contribute to unemployment deserves support. My research into the teenage labour market indicates that since 1965 average pay for teenagers has increased at twice the rate of that for adults. Teenage wages would be 15 to 20 per cent lower if the same teenage to adult wage relatively ruled now as ruled in the mid-1960s. At the same time there has been a marked fall in teenage employment. For example there were nearly 1.7m youths aged 16 to 20 in employment in 1965, compared with 1.3m in 1980. Are the rising relative wage and falling employment trends connected?

It is unlikely that the rise in teenage pay has been caused by market forces, for example, by a fall in the supply of young workers relative to the demand for them. Rather, it seems as though teenage wages have been pushed up by outside bodies, primarily by wages councils and trade unions. If market forces were responsible teenage unemployment would not be so high. Nor would employment have fallen as relative wages rose. Logic points against market forces being responsible: we know that wage minima are set for unskilled workers, and these minima are designed to prevent the market clearing.

The gainers from a high minimum wage are skilled workers (who thereby neutralise competition from unskilled workers), established employers (who might wish to "take wages out of competition"), and the lucky unskilled workers (those retaining a job at the higher wage). The losers are the consumers, the firms which go bankrupt, and those who become unemployed. It is probable that over the 1960s and 1970s there was a shift in the balance of power towards the group of gainers.

In particular the power of organised labour rose as shown by the increase in the proportion of employees unionised (which peaked at about 60 per cent in 1979). This might explain why the wage structure has become compressed.

If it is accepted that the teenage wage relativity has been disturbed by minimum wage setting then unemployment must have been the result. The only question is how much. According to my calculations if the 1965 wage relativity were restored then about 250,000 teenage jobs would be created. These calculations assumed a 0.4 per cent increase in teenagers' employment for each 1 per cent decline in their real wage. This assumption might be too conservative. The thorough study by Robert Meyer and David Wise estimates that the abolition of the minimum wage in the U.S. would reduce teenagers' average wages by 7 per cent, and increase their employment by 7 per cent.

Ideally minimum wages should not be set for young workers. This goes for apprentices too—whose wage relative to skilled adults is far higher here than in Germany, contributing to the collapse of apprenticeship. Unfortunately minimum wage setting agencies are difficult to abolish because the group who would lose from their removal are well represented. On the other hand the groups who would gain are dispersed. Indeed, some gainers — the newly entering small firms—only come into existence after abolition. This explains why they do not appear in Mr Wilkinson's survey (letters, May 15.) In these circumstances it seems as though wages councils will be permitted to stay, even though they damage our wage structure.

(Dr) W. S. Siebert.
University of Birmingham,
PO Box 363, Birmingham.

Abolition of wages councils

From Dr K. Matthews

Sir,—Lord Kaldor employs some strange economics in his counter (May 15) to Samuel Brittan's article on the abolition of wage councils. His argument is that an unregulated labour market encourages inefficient "parasitical" firms that compete with established ones through the use of cheap labour. Minimum wage regulation forces the inefficient firms out of business enabling the efficient established firms to expand output. It is not surprising that an increase in wages increases productivity (this is what Professor Kaldor means by efficient), this is the natural consequence of substitution, what is not clear is whether Professor Kaldor means that the high productive firms would absorb all labour displaced from the low productive ones. Clearly not. His argument is that the high productive firms would expand output and employment over time.

This kind of argument is one that is usually applied to developing countries with surplus labour, suffering savings bottlenecks. In the context of Professor Kaldor's example, the increase in employment by the high productive firms would still be less than the total employment of an unregulated labour market, whether through competitive forces wage rates are equalised in a particular industry or both high and low productive firms manage to coexist as in the dualistic industrial structures of many developing countries.

Professor Kaldor seems to miss the point of Samuel Brittan's article, which is that high productive firms may increase the employment of high productive workers over time but does nothing to low productive (unskilled, etc.) workers. The point about abolition is that it does something about unemployment in the low skilled, low productive areas, now!

On the subject of historical precedent, Professor Kaldor could do well to look at an article by Henry Clay, "The public regulation of wages in G. Britain" (1929), in which he argues that the existence of minimum wage rulings during the 1920s had broken the natural plasticity of wages in response to unemployment.

(Dr) K. G. P. Matthews,
University of Liverpool,
P.O. Box 147,
Liverpool.

Government IOUs and pensions

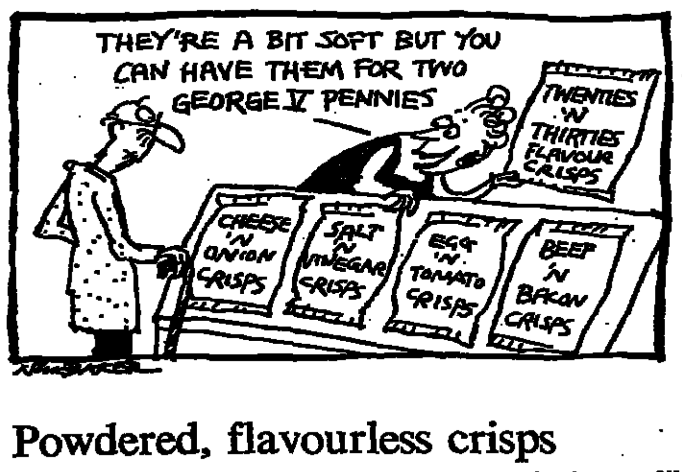
From the General Secretary, General, Municipal, Boilermakers and Allied Trades Union

Sir,—The discussion in your columns about the difference between the transfer of current income to pensioners through the National Insurance system and the sale of Government IOUs raises an interesting point.

A person who expects to get a pension through the state earnings related pension scheme and one who expects a pension because he is a member of a pension fund which has put its money into gilts are both effectively relying on Government promises. The only difference, surely, is that in the former case the Government thinks that it can get away with reneging on its promises while in the latter case it does not.

It is a curious irony that this Conservative Government is about to attempt what may well be the largest expropriation ever undertaken in peacetime, without a political revolution. One wonders what the reaction would be if a Government of another persuasion attempted to nationalise all occupational pension funds without compensation; a roughly equivalent measure.

David Basnett.
Thorne House,
Ruxley Ridge,
Claygate,
Esher, Surrey.



Powdered, flavourless crisps

From Mr J. Phelps

Sir,—Can any reader inform me as to why a packet of potato crisps has, in my opinion, descended to such a low ebb?

When at school my sustenance was supported by a 2d packet of crisps and, if my 6d pocket money allowed, even a second packet to supplement the all too meagre provisions from the school authorities.

The great question of the day was whether I indulged in the luxury either of a 2d "Turk" or a 2d packet of crisps to fill the void.

Now I pay an inflated price for a plastic packet, which I have great difficulty in opening, filled with powdered potatoes. These have no resemblance, when freed, to the appetising flavour to the taste buds, provided by the crisps supplied during the 1929-39 decade.

J. R. Phelps.
The Moat House,
Sharnbrook, Bedford.

Claims against surveyors

From the Managing Director, RICS Insurance Services.

Sir,—In his letter on claims against surveyors (May 16) Mr Illingworth makes the point that RICS Insurance Services seeks signed discharge form from claimants. This is common practice in insurance.

The need to sign the discharge form is sometimes questioned and revisions may be made. But the signing of the form is only requested when the dispute giving rise to the claim has been resolved by both parties. From examining the claim file relating to Mr Illingworth's letter, it appears that a revised discharge form will be signed.

Why do we seek a discharge at all? It is because it is our duty as insurance brokers to protect the surveyor (our client) as far as possible from a continuing string of claims arising from the same survey. Unfortunately, some members of the public regard the commissioning of a survey as tantamount to effecting an all risks insurance on the premises surveyed. This is, of course, not the purpose of a survey and if such protection is required a defects insurance policy should be taken out.

A. P. Sparks.
31-35, Fenchurch Street, EC3.

Totally unlimited liability

From Mr M. Frankel

Sir,—While one is continually reading about the very heavy claims being made against major professional firms, one is reminded that the concept of unlimited liability for partners in professional practices derives from the venturesome nature of corporate entities as they were envisaged to be in the 18th and 19th centuries.

There does not seem to be any valid reason why professional firms should not be incorporated bodies who in addition to filing accounts would need to disclose the amount of their insurance bond. By all means let the eligibility of directors be confined to membership of professional bodies representing the profession of the firm, and indeed the same restrictions could also be extended to shareholders.

It seems unrealistic that, in an era of international business, partners in professional firms should face totally unlimited liability when similar burdens are not placed upon directors of companies unless they are trading fraudulently.

M. R. Frankel.
La Honniere Farm,
Rozel,
St Martin,
Jersey,
Channel Islands.

Early bird catches the cliches

From the Managing Director, TV-am

Sir,—In his piece "Early bird catches the cliches" (May 15) Christopher Dunkley, your TV reviewer, makes it abundantly plain that he does not like breakfast TV, and with the degree of prejudice he displays, it would plainly be impossible to change his mind on the subject.

In writing his "assessment" of the performance of TV-am, however, he makes a number of unfair and inaccurate assertions that cannot go unchallenged. The overall approach of his piece appears to be dictated by the phrase "TV-am's figures have been achieved by plunging down market." It certainly is a *fact that TV-am is popular*—it now has 65 per cent of the viewers at this time of morning and is watched by 14m people a week. But it has not achieved this by going "down market," whatever the phrase may mean.

TV-am does not have "*a parasitical dependence on Fleet Street*," nor is it "down market." It is an independent news organisation which each day covers dozens of news stories of every description, devotes a major part of its output to current affairs, and which talks directly to the people in the news. It is, for example, the station which on the day of the ending of the miners' strike, devoted the whole of its three hours and 10 minutes to discussing the dispute and its implications. It is the station which on its own arranged and Broadcast an interview with Princess Michael of Kent, and it is the station which, in the aftermath of the Bradford tragedy, *ditched its prepared programme* and devoted 55 minutes to reviewing the tragedy and its implications.

Clearly there are occasions when stories broken by Fleet Street are followed up by TV-am. That is the nature of news. But, equally, many stories broken by TV-am are followed up by Fleet Street. David Frost's interview with Neil Kinnock, for example, was extensively quoted the following morning in newspapers including the Financial Times. So was his interview with the Bishop of Durham . . . and many more.

Mr Dunkley implies that no-one in TV-am is capable of carrying out current affairs interviews. This is patently absurd. Nick Owen and Anne Diamond are both professional journalists who have interviewed hundreds of guests on hundreds of topics, and in so doing have helped clarify issues to viewers. Anne's questioning of Arthur Scargill showed a toughness that few could match, and Nick Owen's handling of the *Princess Michael interview* earned widespread praise from fellow journalists.

"Good Morning Britain" aims *to focus attention on* a whole host of topics which interest people—from gardening to cooking and pop, and talks to celebrities and people who are in the public eye. If that is "down market" then so are people's tastes. Perhaps Mr Dunkley inhabits a different world from the rest of us.

Mr Dunkley asserts that "TV-am aims determinedly below the market of every paper in Fleet Street." That too is absurd. If it were the case, would TV-am have devoted three hours and 10 minutes to the miners' strike (and in so doing, *dozens of irate* viewers protested that our regular programme was dropped)? The strength of TV-am is that it is *populist*—but not at the expense of quality.

Bruce Gyngell.
Hawley Crescent,
NW1.

A bust of Jean-Baptiste Colbert in the Louvre: "the intellectual climate has swung away from Colbertism"

France's top civil servants

A turning point for the elite

By David Housego in Paris

WITHIN THE inner recesses of the French administration a quiet debate is going on over the future role of one of the institutions that has done most to shape the post-war history of France. The elite *Ecole Nationale d'Administration* (ENA) has provided the 3,500 *people who have staffed* the top posts in the public service—the technocrats who can claim much of the credit for the expansion of the French economy in the 1950s and 1960s and who in recent years have been blamed for its problems.

ENA was founded after the war at a time when France was divided and demoralised by the German occupation, when strong government was needed *to rebuild* the economy and heavy industry, and when a weak private sector looked to the state for guidance. ENA *provided the brains behind* reconstruction and a stable administrative framework to support it.

But France and the world have in many ways changed faster than ENA. A French private sector which once welcomed the paternalism of the state now chafes at the controls and regulations which enshroud it.

The intellectual climate has swung away from *Colbertisme* (Colbert was Louis IV's Finance Minister) and state intervention and towards decentralisation, *deregulation and denationalisation*. France needs managers and entrepreneurs. But ENA, its most prestigious *higher education institute, is still* geared towards the public service—an emphasis that is unique in Europe.

M Simon Nora, *the strong-minded and thoughtful* head of ENA, who was once a senior adviser to former Prime Minister Pierre Mendes-France, believes that the liberal shift in France is partly an intellectual fashion. But he adds that "we have certainly reached a turning point in France's attitude to its administration. That is a healthy sign." He links the change to the new emphasis being put on the private sector and the disappearance of the Left's hostility to business.

In his three years at ENA he has brought in several changes. The 28-month ENA course provides practical training in administrative techniques for would-be Treasury officials, diplomats, *prefets* and other senior civil service posts. M Nora has introduced courses on public management and cost efficiency which are taught by industrial managers or administrators with business experience.

Until the recession brought home the necessity for savings in public expenditure, ENA did not run courses on cost management in the public service.

M Nora has insisted that the projects on which students work to gain practical experience are of potential benefit to the administration. Thus this year ENA and the civil service have jointly undertaken *studies on local authority finance*—a subject of current importance because of the Government's decentralisation moves.

He has also tried to impress on students the need for humility and for keeping in touch with public opinion. "I tell them that if they don't listen," he says, "they will be rejected like champagne corks." *The most long-standing complaint* against ENA graduates—and one that certainly contributed to the downfall of President Giscard d'Estaing, an ex-ENA student himself, in 1981—is their arrogance, their sense of superiority and their "know-all" attitude.

But M Nora says that teaching modesty to students who have been so carefully selected can be uphill work. "They now believe that it is the state's job to teach the country how to be more liberal," he says.

One change he did not initiate was the introduction under the Socialists of the special entry scheme for trade unionists. Broadening the intake has been a continuing objective of the College.

But the experiment has proved a failure with diminishing interest among the unions and *resentment* within ENA that the trade unionists were graded on different criteria from the other students.

But none of these innovations has altered the particular identity of ENA. It is an institution with three specific characteristics: *like the Polytechnique*, the other major Grande Ecole, ENA's science-orientated sister institute, it *ruthlessly selects its students* from among the cleverest in France; it provides them with luxurious facilities and a civil *servant's salary while they* study; and it guarantees them lifetime careers in senior posts in the administration. For those who leave ENA with top marks and enter the *Grand Corps* such as the *Conseil d'Etat* or the *Inspection des Finances* it also *provides generous financial independence* even if they decide to leave the civil service.

At least two of these features are unlikely to survive the coming years.

The most vulnerable is the privileged system of job guarantee and financial security. Together ENA and the *Grand Corps* provide the most effective "old boy network" for placing their members in key posts in the administration, banks and public sector that exists anywhere in Europe. "You can think of me as the head of a Mafia or as a Pope," M Nora sometimes jokingly tells his *friends*.

Under the Fifth Republic ENA graduates moved increasingly into politics. Socialist rule has done little to dent their power. M Laurent Fabius, the Prime Minister, is an *Enarque*, as are M Michel Rocard, the former Minister of Agriculture, and M Jean-Pierre Chevenement, the former Minister of Industry, who is now Minister of Education.

Few believe, however, that this system can continue at a time when job insecurity is growing in France and when other privileges — including those of the trade unions—are under attack.

The other area where ENA is vulnerable is in its freedom to select the brightest students. This stems in part from the low standards at French universities. But these are likely to change over the next 10 years as universities for the first time start competing against each other.

There are many ideas about the direction which ENA might now take. One suggestion is to enlarge its role in providing refresher courses for public administrators as well as businessmen—in contrast to the current emphasis on beginning-of-career training. A model for this in French terms would be the *Ecoles de Guerre* (the war colleges), which gear their courses to the French military's *goal of having a third of its personnel* on retraining courses at any one time.

The belief is also gaining ground that a substantial proportion of future ENA students should have the chance of going into business rather than the public service—as more of them are saying they would like to. At the same time senior posts in the public service *would be opened up to entrants* from business, industry or the universities—thus undermining ENA's monopoly on the upper echelons of the administration.

The important thing, M Nora believes, is that the state and the business community must work together. He thinks that the Japanese have mastered this relationship but that France has not.

Change will in any case come slowly. The public service is now much larger than it was as a result of the nationalisation of the banks and major industries in 1981. Privatisation, as the British experience has shown, will take time. ENA also faces currently record demands from candidates seeking entry. At a time of uncertain job prospects, its reputation for providing a road to the top still carries weight.

FINANCIAL TIMES

Tuesday May 21 1985

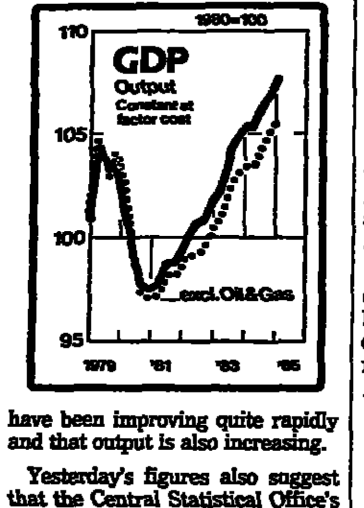
Growth of UK output confirms buoyant outlook

By Max Wilkinson in London

BRITAIN'S national output continued to grow at an underlying annual rate of 3 per cent in the first quarter of 1985, according to official estimates published yesterday.

They showed growth of ¾ per cent in national output in the first three months of this year. The index of output for the first quarter was 107.7 (1980=100), 2.3 per cent higher than 12 months earlier. After adjusting for the continuing effects of the year-long coal miners' strike, however, underlying growth over the 12-month period was estimated at nearly 3 per cent.

The figures confirm the generally buoyant picture of the UK economy shown in recent surveys of manufacturers by the Confederation of British Industry. These have indicated that optimism has been rising, that exports and order books



have been improving quite rapidly and that output is also increasing.

Yesterday's figures also suggest that the Central Statistical Office's prediction that the economy would slow down this spring was wrong.

Britain's Conservative Government will now be hoping that the normal business cycle will be less pronounced as a result of its tight financial strategy, although some slowing down of growth seems probable if world trade becomes more sluggish.

The present recovery phase of the UK economy, which started early in 1981, is already the longest since the second world war, although rates of expansion have been moderate during the period.

National output in the first quarter of 1985 was 10.3 per cent higher than in the first quarter of 1981, representing an average annual growth rate of 2½ per cent in the recovery phase. Output is now 4½ per cent higher than it was for the average of 1979, when the economy was at its last cyclical peak.

Excluding North Sea oil and gas, however, growth was only 8.6 per cent during the last four years, representing average annual growth of 2.1 per cent.

The non-oil part of the economy is only 2.2 per cent larger than it was in 1979. In that period oil and gas extraction has risen by 127 per cent. North Sea production rose by 46 per cent in the four years to the first quarter of 1985.

The output measure of gross domestic product (GDP) continues to diverge from estimates based on total national income and on national expenditure. In theory all three should be the same.

The income measure suggests, however, that the UK economy has grown by 12½ per cent in the last four years – suggesting an average annual growth rate of 3 per cent.

The Treasury measures the growth of the economy by averaging all three measures of GDP, but income and expenditure data are not yet available for the first quarter of this year.

The statistical office said yesterday that the effects of the coal dispute are estimated to have reduced output by 1 per cent in the first quarter of this year, against a reduction of ½ per cent in the first quarter of 1984 and of 1¼ per cent in each of the following three quarters.

France may allow banks to issue perpetual bonds

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

FRENCH banks may shortly be allowed to issue perpetual bonds similar to those issued by UK banks as a means of raising additional capital from the private sector.

The French banking authorities are understood to be on the point of authorising the first issue by one of the large state-owned banks.

The bonds would give banks an alternative to the *titres participatifs* as a means of tapping the debt markets. Bankers have complained that the *titres* are too expensive, and they have been casting around for new instruments.

The first issue is expected to be by Société Générale, according to bankers in Paris. The bonds would probably carry warrants entitling holders to buy *certificats d'investissement* in the bank. These are non-voting preference shares that banks are allowed to sell to investors wanting a direct stake. Société Générale was the first French bank to tap this market with a FFr 600m issue last November.

The warrants would differentiate the French issues from the British. But the warrants may be necessary to attract investors to a novel form of investment. At the moment, bankers are not certain that perpetual bonds would find a ready market without some added inducement.

The bonds would also be issued on the French domestic capital markets rather than the Euromarkets, and be denominated in francs. The UK issues were all launched on the Euromarket, in dollars until yesterday's Eurosterling issue by Standard Chartered.

According to French bankers, the Banque de France is willing to recognise the perpetual issues as primary capital so long as they carry certain conditions, including their subordination to other obligations of the issuing bank, and the freedom of the bank to suspend interest payments if necessary.

French banks are all supposed to raise their capital resources to the equivalent of 5 per cent of their assets within the next few years. None of the major banks is at this level yet.

Standard Chartered launches record Eurosterling issue

BY MAGGIE URRY IN LONDON

STANDARD CHARTERED, the British-based international bank, took the recent fashion for perpetual floating rate notes a stage further yesterday by launching the first such issue in the Eurosterling bond market.

The issue, which has an initial tranche of £150m with a further £150m-worth available to be sold as a tap, is also the largest Eurosterling bond issue yet.

The proceeds will add to Standard Chartered's primary capital because the bonds are similar to equity in that they need never be repaid and in the event of the bank going into liquidation the debt would rank equal to preference shares.

This follows the same lines as the spate of deals seen in the Eurodollar market, one of which was a $400m issue for Standard Chartered launched on May 3.

The extra capital will be used to strengthen Standard Chartered's UK banking activities. It will increase the bank's free capital ratio – the proportion of freely available capital to total deposits – from 5.9 per cent to 7 per cent.

The deal, which is being arranged by J. Henry Schroder Wagg, the British merchant bank, met a rather cooler reception than the earlier Eurodollar issues had. These have also slipped back in price as investors begin to wonder whether the risks of buying undated debt are fully compensated by the interest rate offered.

The interest rate on the bonds will be refixed quarterly at a rate of ⅜ of a percentage point above the offered rate for three-month sterling deposits in the London interbank market.

The deal was regarded as a good one for Standard Chartered and its shares gained 14p yesterday to 482p on the London Stock Exchange.

Eurobonds, Pages 21, 22

UK export credit guarantees to cost more for risk nations

BY FRANK GRAY IN LONDON

British exporters sending goods to countries which have recently rescheduled their debts will have to pay higher premiums from July 1 for insurance cover from the Export Credits Guarantee Department.

The ECGD said yesterday that the selective increases in short-term and some medium-term rates for more risky markets were aimed at boosting the department's premium income by 10 per cent overall and stemming the flow of losses seen in recent years.

In general terms, the increases will affect those companies shipping ECGD-insured goods to countries which have rescheduled their debts in recent years, such as Brazil, Nigeria and Yugoslavia, which have been good markets for British exports but whose finances are particularly fragile. Poland, a continuing drain on the ECGD, is no longer eligible for short-term insurance cover.

Since there will be no premium rise for shipments to non- or low-risk nations, the ECGD confirmed that the actual increases for exporters to debtor countries would be above 10 per cent so as to yield an overall rise in its premium income of around this figure.

The rates were made necessary because of the continuing sharp climb in the value of claims paid by the ECGD. These are now estimated – at £835m ($1.06bn) for the 1984-85 fiscal year, up from £674m – last year. The consolidated fund balance is forecast at minus £392m, widening from the 1983/84 shortfall of £42m.

The premium rise plan falls into four categories:

● Under comprehensive short-term policies, surcharges of fixed amounts will replace the existing percentage premium surcharges in markets which present a high degree of political risk.

While some exporters will incur lower surcharges, most will pay more. The ECGD argues that the new surcharges will prove more equitable and simpler to calculate than those now applied.

● Annual short-term premium charges are being raised for policies with low turnover as a necessary contribution towards administration costs.

● Rates for short-term credit risk coverage are being raised for policyholders with poor buyer claims records.

● Premium rates for medium-term business with markets presenting high political risk will be increased by up to 15 per cent with immediate effect for cover under the Buyer Credit and Specific Guarantees system. Rates for low risk markets will not be increased.

In addition, the minimum non-refundable deposit payable on acceptance of an ECGD offer of specific guarantee cover will rise from £250 to £2,000 – or the full amount of the premium payable, whichever is less.

For buyer credit guarantees, the minimum amount payable on signature will be £5,000.

The ECGD says that, at best, the premium rise will result in only a marginal rise in premium income this fiscal year against 1983-84 when it was £177.5m. Premium income in 1982-83 was £348.2m.

It forecast that recoveries against losses should rise sharply to £348.6m in 1984-85, against just £132.7m the previous year.

Wall Street soars and $ recoups loss

Continued from Page 1

against continental currencies. The Sterling Index against a trade weighted basket of currencies rose by 1 per cent to 79.9 (1975 = 100) during the day in London.

The firmness of sterling encouraged the financial markets, where gilt edged stock prices rose by up to ⅝ point, equity prices were firmer, and the three month interbank interest rate eased by ⅜th of a percentage point to just under 12⅝ per cent.

Some further easing of the dollar with associated strength of sterling would be a help to the British authorities. They would like to see some reduction of UK interest rates.

Prisoners exchanged

Continued from Page 1

convicted of planting a bomb in Tiberias that killed two Israelis.

He was one of 121 Palestinians held back by the Israelis during the November 1983 exchange of 4,500 Palestinians for six Israelis, despite Jerusalem having earlier agreed to their release.

This action by Israel was one of the causes of the delay in negotiating the current swap and the complexity of yesterday's transfer which dragged on all day.

The Palestinians wanted absolutely cast-iron guarantees this time that there would be no last-minute deviations by Israel from the terms of the deal and the number of prisoners which it had agreed to release.

The most notorious among the prisoners released was Kozo Okimoto, the only surviving member of the three-man Japanese terrorist gang which in 1972 killed 26 people in the passenger hall at Ben Gurion Airport after arriving on a flight from Rome.

Communist purge in UK

Continued from Page 1

shared assumptions and things that can be taken as read.

No one present was in any doubt as to what was going on. The novelty of seeing Eurocommunists adopting the very tactics that initially set them apart from the hardliners may be confusing to outsiders. But few members seem in any doubt that the Eurocommunists, having decisively gained the upper hand, intend to use it.

When Mr Gordon McLellan, the party's general secretary, told the hall that "there is no place in the Communist Party for factional activity or those who engage in it," few of the delegates rapturously applauding him read this as anything but a warning.

For the purges are likely to continue. Those expelled include Mr Tony Charter, editor of the Morning Star, and Mr David Whitfield, his deputy. Many of their supporters are still in the party, but they have been told the terms on which they may remain.

Their chance to fight back comes in three weeks time when the People's Printing Press Society, which owns and controls the Morning Star, holds an annual general meeting. Six of the 18 seats on its management committee are up for election for a three-year term and the Communist Party, which accounts for 90 per cent of PPPS membership, is determined to secure them for Eurocommunists as the first step in a two-year battle for control.

The PPPS is determined to match the new-style Eurocommunist tactics. To begin with, it is holding the annual meeting on June 9 in only three regional centres, instead of the more usual six or seven. This could make it very difficult for Communist Party members to arrive in time to vote.

Mr T. Boone Pickens

Pickens tries to cut his losses on Unocal

By William Hall in New York

MR T. BOONE Pickens, one of Wall Street's most feared corporate raiders, was locked in negotiations yesterday in a bid to cut his losses on his $1.2bn stake in Unocal following the surprise Delaware court decision excluding him from the West Coast oil company's share buy-back offer.

Unocal, which has been desperately trying to avoid being taken over by Mr Pickens's investor group, asked for its shares to be suspended yesterday before trading began on the New York Stock Exchange.

It said that it was in negotiations with Mesa Petroleum, Mr Pickens's master company, "with respect to the termination of Mesa's offer for Unocal and the acceptance of Mesa's Unocal shares into Unocal's offer."

Mr Pickens had offered $54 per share cash for 64m Unocal shares, which would have given him majority control.

Unocal said that, regardless of the outcome of its negotiations with Mr Pickens, it is going ahead with its rival buy-back offer and will be accepting 50m shares from its shareholders other than Mesa. Unocal has offered to swap 29 per cent of its equity for a $3.6bn package of securities worth $72 per share.

Wall Street analysts believe that, when this offer is completed, the value of the residual 123.9m Unocal shares will drop by $10 or more from their current level of around $46.

Mr Pickens's investor group controls 23.7m shares which it bought at an effective average price of around $48 per share. Since the Delaware court has upheld Unocal's decision to refuse to accept Mr Pickens's shares under its offer, he stands to lose several hundred million dollars on his stake.

Mr Pickens has mounted several highly profitable raids on U.S. oil companies over the last couple of years, netting him and his associates more than $1bn in profits. As a result, there is one school which says that Unocal should exploit its bargaining power and make an exhibition of Mr Pickens's defeat.

However, other observers, noting Mr Pickens's reputation for being a shrewd gambler, warn that he should not be underestimated even when he appears most vulnerable.

They believe Unocal will make peace with Mr Pickens

Chevron oil deal runs out of time

By William Hall in New York

CHEVRON'S plans to sell its Italian refining and marketing operations to First Arabian Corporation, a Saudi-backed company headed by Mr Roger Tamraz, have collapsed.

Chevron issued a brief statement from its San Francisco headquarters yesterday saying that the time limit mutually agreed upon for First Arabian to complete the necessary arrangements for the purchase has expired. As a result, Chevron no longer expects to conclude the transaction.

News of the proposed deal was first announced last February when Chevron said it had reached a basic agreement but the terms were not disclosed. Under the deal, First Arabian was to acquire Chevron Oil Italiana, an operation employing 780 staff. Its primary interests are a 22.5 per cent share in a 37,500 b/d refinery in Rome, a lube oil blending plant in Savona and about 1,700 service stations.

The proposed deal also included the sale of Chevron's 23.5 per cent equity interest in the 215,000 b/d Sarpom refinery near Milan to First Arabian. The sale of Chevron's interest in Sarpom was subject to the right of first refusal of Sarpom's other stockholders.

THE LEX COLUMN

Wrapping-up at Polly Peck

The perverse yet irrepressible nature of dollar speculation was never more in evidence than yesterday. Marked down sharply in Europe as a reaction to the Federal Reserve's cut in the discount rate, the dollar found it easy to climb again on the back of short-covering and a surging New York bond market. Adding to the irony, the bond markets seemed to take heart from indications that the U.S. economy is indeed slowing down – despite the Fed's loosening moves; just a few weeks ago, only signs of continued growth could satisfy international markets that the dollar was still worth holding.

Polly Peck

Polly Peck was for so long treated as a convenient fiction – traders acted on the assumption that there had to be *something* there to support serious turnover in the shares – that it must have taken many brokers by surprise to return from Turkey earlier this month having seen that there was a real business to be reckoned with. Given that half the City of London made the pilgrimage, it says quite a lot for Polly Peck that in the intervening weeks the shares have remained so solid. It says just as much about the City's scepticism that the valuation of Polly Peck after that collective experience is still – at 272p a share – rather less than four times the company's probable earnings for this year.

A number of nagging doubts do, however, seem to have been resolved. After its successful rights issue, Polly Peck seems to have its investment programme well in hand. If the target of doubling its fruit-packing capacity this year is demanding, it may yet be attainable; in any case the necessary plant is going up, and much of it should be in place for the peak citrus-shipping season towards the end of the year. Similarly, the production of colour television and video should now approach more efficient levels and improve margins; this activity alone could well put £10m into pre-tax profits this year.

The health of the enterprise seems to depend quite critically on its political niche in the Turkish economy. Its costs are largely in Turkish currency, and its receipts come in a useful range of harder currencies. At the same time, it has been able to raise equity in London to deploy in parts of Turkey so remote – like Niksar – that even the recent analysts' jaunt could not reach them. The return on sales – despite a little margin pressure from the higher dollar cost of cardboard – remains close to 40 per cent, and the growth prospects in markets that are still under-developed cannot be denied.

Yet the risk of things going awry if the political regime were to change – or Mr Nadir to lose favour – is obvious. For the shares to reach even half the average market rating may take more than good results – and there were people yesterday who found £28m just a touch disappointing.

ABF

The problem with Associated British Foods is that the market finds it about as exciting as a British Rail sandwich. Not that its trading performance disappoints; trading profits for the year to end-March 1985 were 18 per cent ahead. But the shares lost 6p to 228p on the news that Mr Weston has managed to earn less on his £200m cash pile in 12 months than he did the previous year in only nine. The company is substantially undergeared and though it professes an interest in acquisitions, it has sat on the cash for the last 18 months without coming up with any goods.

To be fair, ABF knows it cannot buy anything in related fields in the UK without running up against monopoly problems. And had it bought a company in North America, where it would like to expand, at an exchange rate of $1.05, analysts might have been equally unhappy. Nor can Mr Weston's disposal strategy be faulted – the sale of his South African subsidiary just before the recession showed immaculate timing.

So far as trading goes, the UK manufacturing and retailing divisions made all the running during the year, since Australia's underlying growth was wiped out in translation. UK milling was particularly successful, thanks to a good harvest producing higher-quality wheat than usual. Although ABF managed to put 2p on a loaf last December, the supermarkets have clawed much of it back in discounts. Fine Fare, meanwhile, is starting to get its act together, though its margins will have nothing on J. Sainsbury today. But volume growth of 3.5 per cent and an 18 per cent increase in trading profits on fewer square feet is impressive nonetheless.

This year, more high-quality wheat has been planted in the UK, which bodes well for milling since ABF will have to buy less wheat at higher prices from the U.S. And the market seems happy with prospects for the retail industry. In other areas, there are still rationalisation benefits to be reaped and fewer costs to be paid. But until ABF shows it is willing to take the occasional risk with its money, its shares will only plod on. Assuming £150m for this year, they stand on a rating of less than 10; a humble score for a company whose profits have a 30 per cent UK retail content.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	21	70	Dubrovnik	S	25	77	Malaga	S	23	73	Salzburg	C	19	66
Akrotiri	F	29	84	Faro	S	19	66	Malta	S	24	75	Seoul	C	16	61
Algiers	C	19	66	Florence	R	18	64	Manila	S	36	97	Singapore	F	30	86
Amsterdam	R	16	61	Frankfurt	F	20	68	Miami	F	27	81	Stockholm	C	15	59
Athens	S	26	79	Funchal	C	18	64	Milan	C	15	59	Strasbourg	F	22	72
Bahrain	S	36	97	Geneva	C	18	64	Moscow	C	14	57	Sydney	C	17	63
Bangkok	S	33	91	Gibraltar	S	22	72	Munich	C	16	61	Taipei	S	31	88
Barcelona	S	18	64	Guernsey	R	11	52	Nairobi	C	22	72	Tangier	S	21	70
Beirut	S	24	75	Helsinki	C	15	59	Naples	C	30	86	Tehran	—	—	—
Belgrade	F	26	79	H. Kong	F	31	88	New Delhi	S	44	111	Tel Aviv	S	29	84
Berlin	S	22	72	Innsbruck	F	18	64	New York	S	17	63	Tenerife	—	—	—
Biarritz	C	14	57	Inverness	D	8	46	Nice	F	17	63	Tokyo	R	23	73
Blackpool	C	15	59	Istanbul	F	20	68	Oporto	S	16	61	Toronto	S	17	63
Bordeaux	C	15	59	Jersey	R	12	54	Oslo	S	20	68	Tunis	S	23	73
Brussels	S	19	66	Jo'burg	S	20	68	Paris	F	19	66	Valencia	F	23	73
Budapest	F	20	68	Las Palmas	S	21	70	Prague	F	20	68	Venice	F	20	68
B. Aires	S	15	59	Lima	S	21	70	Reykjavik	C	10	50	Vienna	C	18	64
Cairo	S	35	95	Lisbon	C	17	63	Rio de J'o	C	32	90	Warsaw	S	19	66
Cape Town	S	21	70	Locarno	R	13	55	Rome	C	22	72	Zurich	F	19	66
Caracas	S	27	81	London	C	17	63								
Casablanca	C	21	70	Los Angeles	C	14	57								
Copenhagen	S	19	66	Luxembourg	F	19	66								
Corfu	S	32	90	Madrid	F	19	66								
Dublin	R	9	48	Majorca	S	19	66								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

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SECTION II – COMPANIES & CAPITAL MARKETS
FINANCIAL TIMES
Tuesday May 21 1985

Maryland to decide on thrift takeovers

THE Maryland state legislature is scheduled to meet today to consider proposals to allow out-of-state banks to purchase some of its privately insured thrifts.

Such legislation would be in addition to seven bills passed in an emergency session of the legislature and signed by Governor Harry Hughes. Mr Hughes said the bills would be a big step toward ending the crisis that started more than a week ago when depositors began to make big withdrawals from the state's second largest thrift.

The legislation requires the state's privately insured savings and loans to obtain federal deposit insurance.

Eight of the state's privately insured savings and loans, which are operating under emergency restrictions following the runs on deposits, have received conditional approval for U.S. federal insurance. AP-DJ

PepsiCo agrees to sell sporting goods division to Wesray

BY TERRY DODSWORTH IN NEW YORK

PEPSICO, the U.S. soft drinks company, is to sell its Wilson Sporting Goods subsidiary to Wesray Capital, the private investment firm headed by Mr William Simon, the former Treasury Secretary.

Terms of the deal were not revealed, but the price is believed to be in the region of $150m, and would not affect PepsiCo's financial results, the company said. Last year, Wilson accounted for about 3 per cent of PepsiCo's sales of $7.7bn.

The deal comes as part of a long-term reorganisation at PepsiCo in which it has shed businesses outside its drinks and food interests. Mr Donald Kendall, chairman, said yesterday that the divestment completed the strategic realignment of the company's operations.

"We are now better able to concentrate our financial and managerial resources on the three large high-growth businesses that have driven our outstanding growth in the past – soft drinks, snack food and restaurants."

Mr Simon said that Wesray would continue to operate Wilson as an independent company and would be expanding its operations "aggressively" through the development of existing product lines as well as new ones.

"Wilson is an industry leader with a fine reputation and one of America's outstanding consumer product companies," he added.

Wesray Capital, based in New York and Morristown, New Jersey, has acquired 14 companies in recent years with combined revenues in 1984 of more than $6bn. These include Atlas Van Lines, Gibson Greetings, The Permian Corporation, Wear-Ever Aluminium and Procter-Silex.

Allianz increases dividend by 10%

By Jonathan Carr in Frankfurt

ALLIANZ, West Germany's biggest insurance concern, proposes to raise its dividend for 1984 to DM 11 ($3.58) from DM 10 per DM 50 nominal share on DM capital unchanged at DM 501.2m.

The company also said it planned to put DM 140.3m in open reserves compared with DM 148.3m in 1983 but gave no details of its profit.

Allianz has already said group premium income rose by 6 per cent to more than DM 18bn last year. While profits from the insurance business at the parent concern are understood to be down on the DM 182m of 1983, earnings from investment income have been buoyant.

Allianz yesterday also confirmed the plan for a new group structure which will be put before shareholders on June 27.

The present parent concern, Allianz Versicherungs AG, will be transformed into a holding, called Allianz AG, and the direct insurance activities will be transferred to a wholly owned subsidiary.

The new holding, it is believed, will be able to react more quickly in takeover battles, such as that in 1983 for Britain's Eagle Star, and to diversify into non-insurance sectors, like financial services.

Dr Wolfgang Schieren, chief executive of Allianz, will head the new holding.

Strong growth at U.S. stores

By Terry Byland in New York

MAJOR retailers Carter Hawley Hale and K mart have both received favourable reports on trading in the opening quarter of the year.

A "strong performance" from the department and speciality store operations pushed profits ahead at Carter Hawley Hale – the West Coast store chain. After allowing for the sale of the Waldenbrooks division last year, net earnings from continuing operations gained 59 per cent to $11.6m.

Meanwhile, K mart, the nation's leading discounter which bought Waldenbrooks from Carter Hawley, pushed sales ahead by 19 per cent to $4.988bn in the first quarter, although net profits edged up only modestly from $58m, or 45 cents, to $58.5m, or 46 cents a share.

K mart earned $499.1m on sales of $21.1bn during the fiscal year to January 30 1985.

Biogen's Geneva director quits as research spending spirals

BY DAVID FISHLOCK, SCIENCE EDITOR, IN GENEVA

DR JULIAN DAVIES, the Welsh-born director responsible for the Geneva operations of Biogen, the genetic engineering research company, has resigned to return to academic research.

His resignation follows that of Dr Walter Gilbert, Biogen's Nobel prize winning founder and chief executive, who resigned last December after pressure from some of the company's investors.

Some $217m has been invested since 1980 in the financially troubled research company, which has announced ambitious plans to compete with the multinational drug companies.

Dr Davies, recruited five years ago from a U.S. university to set up Biogen's first research laboratories, has also resigned from its scientific advisory board. He will remain a full-time consultant to the company until the end of the year.

Professor Kenneth Murray of Edinburgh University, a member of Biogen's scientific and supervisory boards, is shortly to replace him as interim research director in Geneva, pending a new full-time appointment.

Biogen has not yet appointed a full-time chairman and chief executive to replace Dr Gilbert. But Biogen denies rumours that it is planning to close any of its laboratories in Europe or the U.S.

Biogen's running costs rose by 49 per cent last year to nearly $44m, mostly spent on research and development. It has the declared aim of breaking even by 1987.

It has raised more than $200m in venture capital and research partnerships but has consistently fallen short of its cash-raising targets.

Its objective of breaking even by 1987 leaves Biogen little scientific scope except to concentrate on the development, production and marketing problems of its initial products from genetic engineering. Those products are expected to include gamma interferon and associated new treatments for cancer.

Dr Davies, as research director in Geneva, has been Biogen's top executive in Europe and therefore closely involved in the licensing operations which have helped to sustain research revenues.

He was closely involved in negotiating licences for its hepatitis B vaccine – developed from work initiated by Professor Murray – with Wellcome in Britain and Green Cross in Japan.

Dr Davies said yesterday that growing pressures on Biogen to show commercial returns for an investment in research exceeding $100m had made Biogen a less attractive environment to a research scientist.

Dr Davies believed that the opportunities for Biogen to retain its research at the level at which it began, when first transferring university discoveries to its own laboratories, would be restricted until it was financially healthy.

He said another worry was that, in its quest to make profits soon in order to satisfy its investors, Biogen must neglect the next generation of genetically engineered products, leaving the field to the large drug companies.

Biogen's shares, which have been trading below $6 on the New York Stock Exchange, rose to $7 on Friday with news that Schering-Plough and Hoffman-la Roche had agreed to cross-license their alpha interferon technologies.

Biogen, which carried out the research under contract for Schering-Plough, secured a European patent for alpha interferon, but Genentech in California, which carried out the same line of research under contract for Roche, secured a U.S. patent.

Men and Matters, Page 18

AUSTRIAN BOURSE INDEX CONTINUES SPECTACULAR CLIMB

Investors have a ball in Vienna

BY PATRICK BLUM IN VIENNA

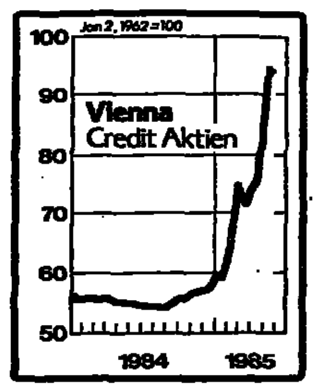
THE VIENNA bourse index has risen by more than 76 per cent in the last four and a half months, from 119.58 at the end of December to 211.23 on May 15.

After a small increase in January, shares rapidly climbed in February, stabilised in March and resumed their upward movement during April with record trading volumes.

The upward trend appears set to continue for the time being, although some analysts suggest that shares could peak in the not too distant future. After years of a semi-dormant existence the market's sudden awakening has sent a ripple of excitement through the ranks of Vienna's usually phlegmatic banking community and has also spurred demand from Austrian and foreign investors alike.

The index began its climb in the middle of 1982 after having fallen to its lowest level for years. In the first half of 1984 it fell again slightly but resumed a sharp rise in the second half of the year. The trend has accelerated strongly this year.

Dr Karl Pale, president of the bourse and chairman of the Girozentrale bank, identifies several factors for the change. Foreign investors seem to have been the first to notice that, despite its small size, the Austrian market for shares offered scope for safe and worthwhile investments. Foreign interest in turn spurred demand from traditionally cautious Austrian investors. Discussions about expected new tax reforms in favour of investment in shares – some of which were officially announced at the end of April – and hoped-for new share issues to follow also helped to create a positive climate, he says.



Further impetus was provided by reports in North America and West Germany suggesting that shares on the Vienna exchange were considerably undervalued compared with those on other international markets. This drew more foreign investors, and because of the bourse's small size – there are only 50 Austrian and 30 foreign listed companies – the new demand had an immediate and dramatic impact on share values.

Austrian shares were clearly undervalued. The Austrian economy was doing well compared with other industrialised countries, and companies could report good returns and increased profits last year, all of which makes investment on the bourse an attractive proposition, Dr Pale says.

The strongest increases were registered by insurance companies, with paper companies, breweries, magnesium producers and the banks close behind. The share index for three listed insurance companies rose from 103.60 at the end of January to 298.02 on May 15. Share prices for the most popular, Erste Allgemeine Versicherung, have more than doubled from Sch 567 ($26.25) at the end of December. Some West German analysts believe their real value could be nearer Sch 5,000, but this is regarded as somewhat fanciful by local analysts.

Other star performers include the paper manufacturers Leykan-Murztaler Papier und Zellstoff and Neusiedler für Papierfabrikation.

Out of the 50 Austrian companies listed, all but five have seen the value of their shares rise since the beginning of the year.

In the first quarter of this year shares worth Sch 669m ($31.5m) were traded on the bourse. The total volume traded, including those traded separately by the banks, rose by 150 per cent from Sch 554m in the first quarter of 1984 to Sch 1.389bn in the first quarter of this year – which represents almost 70 per cent of the value of all shares traded for the whole of 1984.

The rush to buy has not abated. "Buyers keep coming. We've had many foreign requests, especially from West Germany," says a bourse official. But potential investors may find that they will have to wait before they can buy as the fortunate few with coveted shares hold on to them. Some officials believe prices have gone up too fast but Dr Pale remains optimistic. "It is a rebirth for the stock exhange," he says enthusiastically. He admits, though, that the narrowness of the market is a problem: "We need to broaden the range."

He believes that current buoyancy of the market will encourage more private companies to issue shares. There had been encouraging signs even before the recent surge in prices of growing interest in the bourse, he says, pointing to the listing last year for the first time in 18 years of two new Austrian companies – Mautne R. Markhof, a food manufacturer, and Akustische und Kino-Geräte Gesellschaft (AKG), a leading manufacturer of acoustic equipment. And, he asks, why should not some of the nationalised industries also raise money on the stock exchange. "It would be sensible. They need capital, and raising it this way would save money on the budget," he says.

He hopes the recently announced tax reforms which will effectively abolish double taxation for manufacturing companies from next January will be extended to all companies, including banks.

Politicians and trade unions now acknowledge that profitable companies able to pay out a good dividend and with an adequate capital base can save jobs and create new ones, he says.

Whether the Vienna bubble will burst is an open question. Dr Pale is confident that the recent interest is not just a flash in the pan. The bourse's surge has prompted the authorities to introduce an official daily index – the indicator was previously computed once a fortnight, at the beginning and in the middle of the month – to complement the two others published daily by the Creditanstalt Bankverein (CA) and the Girozentrale Bank (GZ).

Philips deal bolsters software assets

BY LAURA RAUN IN AMSTERDAM

PHILIPS, the Dutch electronics group, plans to take a 50 per cent share in a computer-systems company that is being spun off from the state-owned Limburg Computer Centre (CCL).

The acquisition, which will take effect from January 1 1986, is aimed at strengthening Philips' software development, sales and maintenance activities in the Netherlands. Philips' telecommunications and information systems subsidiary has a three-year option to buy the remaining 50 per cent of the computer-systems company which will be split evenly between the Dutch Government and the Limburg Development Fund, a provincially owned venture capital company.

Philips has been looking for some time to bolster its computer-software activities in the Dutch domestic market. Holland's business-computer market is worth about Fl 2.5bn ($720m) and will grow an average of 18 per cent a year until 1991, according to International Data Corp., a Dutch subsidiary of the U.S. market research company.

Philips is already involved in computer networking through its Sophomation concept, a software-hardware system that links information-processing equipment of various brands. The CCL computer-systems company eventually could provide resources for the Sophomation concept, which in the future will be adapted to the Unix operating system developed by American Telephone and Telegraph.

Philips and five other European companies recently agreed to develop common applications software in a bid to counter IBM's growing dominance.

● Fokker, the Dutch aerospace group which increased profits strongly for 1984, is to raise Fl 67m ($19.3m) through a one-for-three rights issue at Fl 110 a share.

INTERNATIONAL BONDS

Eurobond market at fever pitch

BY MAGGIE URRY IN LONDON

FOLLOWING the discount rate cut by the U.S. Federal Reserve on Friday night, the Eurodollar bond market was at fever pitch again yesterday. Prices were up to one point higher, with a ½-point gain the average.

BHF Bank bond average		
May 20		Previous
102.443		102.299
High	1985	Low
102.860		99.840

A number of new issues were launched into this strong market. Morgan Stanley, with S.G. Warburg as co-lead, launched a two-tranche issue for British Petroleum which gives the borrower a cheaper funding rate than a conventional issue would.

The first portion is a $100m bond which has a final maturity in 1994, but a sinking fund will reduce the average life to 5.7 years. This pays a 10½ per cent coupon and is issued at 100¾. Only 20¾ is due now, with the balance payable on December 20 1985. Fees on this part total 2 per cent.

The second tranche is a zero-coupon issue with a redemption value of $182.46m in 1995. Issue price is $38.59 with $12.09 payable at the outset and the other $26.50 in December. Fees for this are $1¼. Both tranches were trading within their fees.

Merrill Lynch launched a $150m issue for Volvo which has a five-year life but is extendable on new terms to 15 years. The coupon is 10½ per cent and issue price 99¾. The deal was moving well and traded around a 1⅝ per cent discount compared to fees of 1⅞ per cent.

Another five-year deal, this time not extendable, was launched for EDC, the Canadian export finance body, by Credit Suisse First Boston. The $100m issue has a further $200m tap which can be sold during the life of the bonds. The coupon is 10 per cent although issue price is 99⅞. Commissions total 1⅞ per cent.

In the floating-rate note market Arab Banking Corporation raised $150m through a 15-year issue which pays interest at ⅛ per cent above the six-month London interbank offered rate (Libor). The deal was led by Société Générale, and fees totalled 30 basis points.

There was more action among the latest crop of perpetual floaters, where the bonds would be treated as preference shares in the event of the borrower going into liquidation. Midland Bank's issue, which was rated BBB+ by Standard & Poor's on Friday, settled around 99.60, still comfortably inside total fees of 65 basis points. Other perpetuals also weakened.

The first sterling-denominated perpetual floater was launched for Standard Chartered Bank, which two weeks ago raised $400m with a perpetual. However, dealers felt that the market might not yet be ready for this development in sterling, especially as the terms looked tight compared to dollar issues, and the issue got off to a slow start.

The deal, with J Henry Schroder Wagg as book runner, has a £150m initial tranche with a further £150m on tap, making it the largest Eurosterling issue yet. Interest will be at ⅛ per cent over three-month London inter bank offered rate and fees total 80 basis points. At one point the issue was bid outside the fees, but by the close it had recovered to 99.28 bid.

In the European currency unit market Banque Paribas launched a Ecu 80m issue for Sumitomo Corporation. The eight-year bonds, which pay a 9¼ per cent coupon, met a good reception, trading around 99½ compared to the par issue price.

In the D-Mark bond market Deutsche Bank led a DM 150m fixed rate deal for Hoogovens, the Dutch steel company. The bonds have a 10-year life, and the coupon was set at 7¾ per cent with issue price par. The deal traded well at around 99½.

The Swiss foreign bond market was slightly better where changed, with new issue coupons of 5½ or 5⅝ per cent meeting acceptance.

International bond service, Page 22

Gasunie taps new source for $200m

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

NEDERLANDSE Gasunie, the Dutch gas concern, yesterday launched a $200m loan facility in the Euromarkets that will allow it to raise funds through the sale of short-term Euronotes or bankers' acceptances.

This is the first time that the borrower has tapped this market, though it is a fairly frequent borrower in the bond market. Bankers say the deal highlights the way in which the emerging short-term paper market is drawing in new customers who had stayed away from old-fashioned syndicated loans.

Led by Citicorp, the deal also has another increasingly common feature in that only half the facility will be backed up with a standby commercial bank credit. This is a five-year credit with an annual fee of ⅛ per cent, a margin of ⅛ per cent over London Eurocurrency rates and a utilisation fee of 7½ basis points applicable if more than $50m is drawn.

The structure confirms the trend towards the separation of standby credits from the issuance of short-term paper, especially for top-rated borrowers confident of their ability to sell the paper on their own. Nederlandse Gasunie, which is 50 per cent state-owned (other shareholders are Exxon and Shell), clearly feels able to dispense with full bank backing for its facility.

In a contrasting move Volvo, the Swedish car manufacturer, has launched a $150m, 2½-year standby credit with a facility fee of 5 basis points for the first year rising to 6¼ points thereafter. The credit, which is led by Enskilda Securities and Manufacturers Hanover, bears a margin of ⅛ point over Eurodollars with an additional utilisation fee of up to 10 basis points, depending on how much is drawn.

The credit is not directly linked to the issue of Euronotes but may be used to back up such an issue at some point in the future.

In a flurry of corporate deals in the Euronote and credit market Eagle Star, the insurance subsidiary of BAT, has meanwhile arranged a £40m, 10-year loan facility through Country Bank that can be extended indefinitely at the lenders' option. The credit, which bears a margin of 27½ basis points, will be used to finance mortgage lending.

Olivetti, Italy's data-processing and office equipment maker, has also raised £60m through a five-year bankers acceptance facility with an annual fee of ⅛ per cent.

● Moody's, the U.S. rating agency, has followed Standard and Poor's into the business of rating Euronotes. A statement said it would apply its short-term rating standards to notes maturing in less than 271 days and long-term classification to other notes. The top rating in the two respective categories is Prime-1 and AAA.

INTERNATIONAL COMPANIES and FINANCE

Olivetti to boost presence in U.S.

BY ALAN FRIEDMAN IN MILAN

OLIVETTI, the leading European-owned office automation equipment maker, is to open a new office next month in New York designed to coordinate the company's U.S. activities.

Sig Vittorio Cassoni, group vice-president in charge of marketing, is giving up his position at Olivetti headquarters in Ivrea to open on June 1 a service company which he says will seek to "maximise our presence in the U.S. market."

Sig Cassoni says his responsibilities will involve close contact with American Telephone and Telegraph (AT&T), the U.S. telecommunications giant which owns 25 per cent of Olivetti and markets Olivetti M-24 personal computers in the U.S. as the AT&T PC 6300.

Likewise Sig Cassoni plans to liaise with Xerox, which recently agreed to distribute the M-24 under its name. According to Olivetti, sales of around 160,000 work stations to AT&T this year will be worth around $300m, while Xerox's expected 1985 orders should total just under $50m.

Sig Cassoni, speaking in a recent interview, said it was "obvious that we have to devote the right amount of attention to our U.S. presence, which is very divided."

Olivetti's U.S. activities range from the AT&T and Xerox alliances to its stake in more than 30 venture capital investments in small high-technology companies. There is also a minority stake in TMI, a retailing organisation, a 46 per cent stake in the Micro Age chain of 200 retail outlets and Olivetti's 46 per cent stake in the loss-making Docutel bank automation and distribution company in Texas.

Sig Cassoni says he will be on the look-out for new marketing deals such as the private-label type agreed with Xerox.

Olivetti's dash for growth, Page 18

Mediobanca chief quits

By Our Milan Correspondent

SIG Fausto Calabria, chairman of the influential Milan-based Mediobanca merchant banking group who was arrested on charges of involvement in a scheme to embezzle from state companies, has resigned.

Sig Calabria is to be succeeded by Sig Antonio Monti, who is also chairman of Banca Commerciale Italiana (BCI), the country's second largest state-controlled bank.

Sig Calabria, who has been Mediobanca chairman since 1979, was arrested last October on charges of embezzling L240bn ($121m) from companies controlled by the IRI state holding group. The charges, also filed against others, relate to Sig Calabria's time as finance director of IRI, which he left in 1979.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May 20.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amex Credit 12¼ 88	150	105	105½	+1⅛	+1⅞	10.30
Austria Rep 13¼ 92	100	111½	111⅞	+⅛	+1¾	11.15
Bank Of Tokyo 12¾ 92	100	†105¾	106¼	+1	+1¾	11.70
Bank of Tokyo 13⅛ 91	100	110½	111	+1	+2¼	10.90
BP Capital 11⅝ 92	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pac 12⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CBS Inc 11⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chevron U.S.A. 12¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coca Cola 11⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 11⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 13¼ 91	100	107⅝	108⅛	+1¼	+1½	11.40
Denmark 13⅞ 88 XW	100	†107⅝	107⅞	−0¼	+0⅛	10.90
Denmark Kingdom 14 91	100	109⅜	109⅞	0	−0¼	11.70
E.E.C. 11⅛ 90	100	101¾	102¼	+0⅞	+1¼	10.53
E.I.B. 13 96	200	108¾	109¼	+1⅜	+2⅛	11.51
Export Dev Corp 12 89	100	105¼	105¾	+0½	+1¾	10.35
Exxon Capital Corp 0 2004	1800	12⅜	12⅞	+0⅜	+0⅝	11.29
Ford Motor Cred 11⅝ 95	100	98½	99	+0⅝	+1⅛	11.83
IBM Credit 10⅜ 2000	300	100⅜	100⅞	+0⅝	+1⅛	10.26
IBM Credit Corp 11¾ 87	200	†104½	105	+0⅞	+1½	9.36
Indust Bk Japan 12⅞ 89	100	108½	109	+1	+2⅛	10.25
Indust Bk Japan 13⅞ 91	125	113⅝	114⅛	+1¾	+3⅛	10.66
Int-Am Dev Bk 12¾ 91	150	106¾	107¼	+1	+1⅞	11.14
Japan Air Lines 13⅜ 94	100	115	115½	+1⅛	+3⅛	10.67
Kellogg Company 10⅞ 90	100	101½	102	+0⅞	+1⅛	10.35
Kellogg Company 11¼ 92	100	102⅜	102⅞	+1	+0⅞	10.65
L.T.C.B. 12⅞ 91	100	107½	108	+1	+2	11.09
Macy Cred Corp 11¾ 95	100	102¼	102¾	+1	+1½	11.29
Mellon Bank 13 87	100	105⅛	105⅝	+0½	+0⅞	10.18
Merrill Lynch 12¾ 89	100	105¾	106¼	+1⅛	+1¾	10.91
Minnesota 11½ 87	100	103⅛	103⅝	+0¼	+0⅝	9.79
Mitsubishi Corp 13¾ 89	100	110½	111	+0⅝	+1⅜	9.96
Montago 13¼ 91	100	105½	106	0	+0¼	11.06
Morgan Guaranty 12⅝ 89	150	105½	106	+0⅞	+1⅝	10.92
Nippon Cred Bk 13⅞ 89	100	109¾	110¼	+1¼	+1¾	10.73
Nth America 12⅞ 91	100	105¾	106¼	+0⅞	+1⅝	11.46
Penney J.C. 12¾ 91	100	105⅞	106⅜	+0⅝	+1	11.31
Pru Realty secs 12⅛ 95	546	104½	105	+0¼	+1¼	11.27
Quebec Hydro 11½ 92	100	103⅞	104⅜	−0⅛	+2½	10.65
Ralston Purina 11¾ 95	150	102⅞	103⅜	+1	+1⅝	11.21
Ralston Purina 12¾ 89	100	107⅛	107⅝	+1¼	+1¾	10.93
Royal Bk Can 12¾ 92 XW	100	103¾	104½	+0¼	+1	11.79
Saskatchewan 10 3/4 92	100	99⅛	99⅝	+1⅛	+1¾	10.86
Saskatchewan 11-7/8 89	100	104½	105	+0⅝	+1¼	10.45
S.N.C.F. 12⅜ 92 XW	100	102⅜	102⅞	+0⅝	+0⅞	11.88
Statoil 13½ 89	100	110⅛	110⅝	+1	+1½	10.29
S Wales Trsy 11¾ 90	150	104⅛	104⅝	+1	+1½	10.58
Swed Exp Cred 12¾ 89XW	100	105⅝	106⅛	+0¾	+0⅝	10.93
Sweden Kingdom 10⅞ 90	200	100⅛	100⅝	+0⅝	+0⅝	10.77
Sweden Kingdom 11½ 89	200	103⅛	103⅝	+1¼	+1⅝	10.49
Sweden Kingdom 11¾ 94	100	103	103½	+0¾	+2	11.15
Texaco Capital 12⅞ 87	300	104⅞	105⅜	+0½	+0⅞	10.18
Texaco Capital 13½ 89	200	†108¾	109¼	+1¾	+1⅞	10.69
Toronto Dom Bk 12½ 88	100	†103	104	+0¼	+1¾	10.99
Walt Disney Pro 12½ 87	150	†104⅞	105⅜	+1	−0¼	9.38
Weyerhaeuser 12¼ 87	150	103¾	104¼	+0¾	+0¾	10.22
World Bank 12¼ 94	150	106½	107	+1⅜	+2¾	11.04
World Bank 12⅞ 94	200	109¾	110¼	+1¾	+2⅞	11.07

Average price change On day +0¾ on week +1⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev Bank 8 94	200	102¼	103	+0⅛	+0⅝	7.58
Austria Republic 7⅝ 94	200	100⅞	101⅜	−0¼	+0⅛	7.42
Baxter Travenol 7¼ 94	200	100¾	101½	−0⅝	+0¼	7.07
Credit National 8⅛ 94	200	103⅝	104⅜	−0¼	+0¼	7.49
Degussa Int Fin 7½ 94	100	104⅛	104⅞	+0½	+0½	6.79
E.E.C. 8 92	200	103⅛	103⅞	0	+0¼	7.31
Escom 8 92	150	100	100¾	+0⅛	+0⅛	7.92
Ferrovie Dello Stato 8 91	100	102⅜	103⅛	+0⅛	0	7.49
Finland Republic 7 92	200	98⅜	98⅞	−0⅛	+0⅝	7.25
Gould Int Fin 7⅝ 91	100	101¼	102	−0⅛	+0⅛	7.28
Ireland 8⅛ 92	150	102½	103¼	−0⅛	+0⅛	7.58
Japan Fin Corp 7⅝ 91	100	102⅜	103⅛	−0¼	+0¼	7.05
Mitsubishi Hvy 3½ 89WW	300	105⅞	106⅞	+0⅝	+0⅞	1.78
Mitsubishi Hvy 3½ 89XW	300	90⅞	91⅝	−0⅛	+0⅛	6.11
Mitsubishi Met 3⅞ 89WW	100	95⅞	96⅞	+0¼	+0⅛	3.73
Mitsubishi Met 3⅞ 89XW	100	86½	87¼	+0¼	+0⅝	6.52
O.K.B. 7½ 88	100	100¼	101¼	+0⅝	0	7.23
Pepsico O/S Fin 7¼ 94	250	102	102½	−0⅛	0	6.89
Renown 3⅛ 90	80	99¼	100¼	+0¼	+0¼	3.18
Reynolds O/S Fin 7⅞ 94	125	103	103¾	−0⅛	+0⅛	6.95
Societe Cent Nucleur 8 91	100	102¼	103	−0⅛	+0⅛	7.44
Sth Africa Rep 8½ 91	200	101	101¾	+0⅛	−0¼	8.20
Sth African Tran 7⅝ 92	100	96½	97¼	−0⅛	0	8.19
World Bank 7¼ 89	100	101½	102½	+0½	0	7.11
World Bank 8 94	200	104¼	105	+0⅛	+0⅝	7.28

Average price change On day 0 on week +0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
African Dev Bk 6¼ 94	100	†101¾	102	0	+0⅛	5.98
Asian Dev Bank 5⅞ 96	100	†101¼	101½	−0½	+0⅛	5.65
Avon Cap Corp 5⅝ 94	130	†98¾	99	+0¼	+0¾	5.82
Brit land Corp 6½ 99	75	†103½	103¾	+0¼	0	6.14
Council of Europe 6 92	120	†101½	101¾	0	+0⅝	5.72
Creditanstalt 5½ 94	100	†98	98¼	+0¼	0	5.75
Deutsche Bk Fin 5⅝ 95	100	†100¼	100½	0	+0¼	5.62
E.I.B. 5⅞ 94	120	†101	101¼	+0½	+0½	5.71
Eurofima 5 97	100	†90¼	90½	+0¼	+0¼	5.07
Eurofima 5¾ 96	100	100⅜	100⅝	+0⅝	+0⅝	5.18
Export Dev Corp 5⅜ 92	125	†98¼	98½	−0½	−0½	5.47
First Boston Inc 5¾ 94	60	†101½	101¾	−0¼	0	5.52
Gen Occidentale 4½ 94	80	†101½	101¾	+0½	+0⅝	4.29
I C Industries 5⅝ 94	125	†101¼	101½	+0¼	+0¾	5.43
Ind Fond Fin 5¾ 94	40	†100¼	100½	0	0	5.69
Int-Am Dev Bk 6⅛ 94	120	†102½	102¾	+1⅛	+1	5.75
New Zealand Govt 5¾ 94	150	†101¾	102	+0½	+0½	5.46
N.Zealand steel 5⅛ 96	70	†95¼	95½	+0¼	+0¼	5.82
Oberos Kllwk 5⅜ 95	100	†98¾	99	−0¼	+1	5.52
Ost Donaukraft 5⅜ 95	70	98⅛	98⅜	+0⅛	+0⅛	5.47
Ralston Purina 5⅜ 94	125	†99	99¼	−0¼	0	5.48
Santos Finance Ltd 6 94	130	†98½	98¾	0	+0¼	6.19
Tokyo Elec Pwr 5½ 93	120	†99¼	99½	+0¾	0	5.60
Tokyo Metropolis 6¼ 94	80	†98½	98¾	+0½	+1½	5.49
World Bk 5¾ 94	150	†100¼	100½	−0¼	−0¼	5.69

Average price change On day +0⅛ on week +0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Austria Republic 7 95	30	97⅜	97⅞	+0¼	+0¼	7.34
BP Overzee 7 92	17	99⅞	100⅜	+0⅛	+0¼	6.97
Fed Natl Mort 6⅞ 92	50	98	98½	+0¼	+0⅜	7.20
Finland Republic 6¾ 90	15	98⅛	98⅝	—	—	7.15
World Bank 6⅝ 90	25	98¼	98¾	+0⅛	+0⅛	[illegible]

Average price change On day +0¼ on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Bell Canada 12¼ 97 C$	125	†101⅞	102¼	+0⅛	+0½	11.91
British Columbia 12 90 C$	125	†102⅞	103⅜	+0⅜	+1	11.12
Can Nat Rail 12½ 95 C$	100	†104¾	105¼	+0⅝	+1¼	11.83
Chrysler Cred 12⅝ 92C$	60	†100⅜	100⅞	+0¾	+0¾	12.48
Denmark 11⅝ 91 C$	100	†99½	99	+0⅛	0	11.81
Desjardins 12½ 90 C$	50	†101½	102	+0¼	+0½	12.01
E.I.B. 12 95 C$	75	†103¼	103¾	+0⅞	+0⅝	11.38
Giro Und Bk 10½ 93 ECU	60	100⅞	101⅜	+0⅛	−0¼	9.57
World BK 10¼ 89 ECU	125	105⅜	105⅞	+0⅛	−0¼	8.47
World Bk 10⅝ 94 ECU	75	106	106½	+0⅛	−0¼	9.58
Eurofima 7½ 92 FL	50	99⅞	100⅜	0	+0¼	7.47
Philips Lamps 7½ 90 FL	100	101	101½	−0⅛	0	7.19
Rank Xerox 8 90 FL	100	101¼	101¾	0	0	7.82
Van Lanschot 7½ 90FL	50	98½	99	—	—	7.88
World Bank 7½ 90 FL	150	100⅛	100⅝	+0¼	+0¼	7.41
Charbonnages 13⅞ 85 FF	400	101⅛	102⅛	0	0	10.49
American Brands 12 95 £	40	100½	101	−0⅛	−0⅝	11.82
Amer Express 11¾ 92 £	30	102	102¾	+0⅛	+0½	10.65
Australia Comm 11 92 £	40	97⅞	98⅜	+0⅛	+0⅛	11.39
BP Capital 10⅞ 92 £	50	96⅞	97⅜	+0⅛	+0⅛	11.32
E.I.B. 11⅛ 93 £	50	97¼	97¾	+0¼	−0⅛	11.61
Inco 12¾ 93 £	50	99¾	100¼	+0½	+0⅝	12.71
Mcdonalds 10⅞ 90 £	40	98⅛	98⅝	+0¼	+0⅛	11.31
Norsk Hydro 11⅝ 91 £	50	102	102½	−0⅛	−0⅝	11.05
Privatbanken 11⅞ 92 £	20	96⅞	97⅜	+0¾	+0¾	12.55
Rank Xerox 11 92 £	40	96½	97	+0¼	+0⅞	11.70
Royal Trustco 11⅞ 90 £	30	99	99½	+0¼	0	11.99
Star Drug Cap 10⅞ 96 £	30	97¾	98¼	+0¼	+0⅛	11.41
Swed Exp Cred 11⅝ 92 £	50	99	99½	+0⅛	+0½	11.52
Trusthouse Forte 11⅛ 90£	50	96¾	97¼	−0¼	−0¼	11.85
World Bank 11¼ 95 £	100	95⅛	95⅝	+0⅝	+0⅝	11.92
E.C.S.C. 10½ 94LF	100	100⅝	101⅛	+0¼	−0⅛	9.79
Nat Lux Alum 10½ 92 LF	600	100⅞	101⅞	+0¼	+0¼	9.87

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0⅛	100¼	100½	11/10	9⅝	9.58
BankAmerica O/S 5¼ 96	0⅛	100⅛	100⅝	30/6	8.81	8.79
Bank of Montreal 6 96	0⅛	100⅝	100⅞	29/7	8¾	8.69
Bankers Trust 5 2000	0	99¾	100	11/6	8.81	8.82
Bankers Trust 5¼ 96	0⅛	100⅛	100⅜	13/5	8.31	8.29
Barclays O/S Inv 5 2004	0⅛	100⅝	100⅝	4/9	10¼	10.20
B.F.C.E. 5¼ 99	0⅛	100⅝	100⅞	13/9	10.06	9.98
B.N.P. 5¼ 96 (July)	0¼	100	100¼	22/7	9⅛	9.11
C.C.F. 5¼ 97	0	99⅜	99⅝	22/9	10⅛	10.18
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	3/6	8.69	8.69
Citicorp O/S 5¼ 96 Sep	0⅛	100	100¼	19/12	11.19	11.17
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	9.88	9.82
Dresdner Fin 5¼ 89	0	99⅞	100⅛	25/5	9⅜	9.38
Ireland 5¼ 97	0	100⅜	100⅝	26/10	9.69	9.64
Ireland 5¼ 99	0	100½	100¾	14/8	10	9.94
Italy, Republic 5 94	0⅛	100	100¼	9/6	8.94	8.92
Lloyds Euro 5 2004	0⅛	100⅛	100⅜	10/10	9⅛	9.10
Midland Int Fin 5 99	0⅛	100½	100¾	6/9	10.44	10.37
Nat West—Perp 5 89	0⅛	100⅞	101⅛	13/5	10⅜	10.27
Queensland Coal 5¼ 96	0¼	100½	100¾	8/5	10.06	10.08
Roy Bk Scot 5¼ 2005 £	0	99¼	99½	2/5	5¼	5.28
Societe Gen 5¼ 95	0	†100¾	101	12/10	9½	9.42
Sweden Perp 5¼ 85	0¼	100¼	100½	9/7	9.44	9.40
Tokai 5¼ 99	0⅛	100⅜	100⅝	12/8	9.94	9.89
Toyo 5¼ 99	0⅛	100¼	100½	14/8	9.81	9.78

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	91¾	92¾	−0⅝	−1.59
Fanuc 3¾ 98	1/84	7032.9	158½	159¾	+1	36.52
Fujitsu 3 99	5/84	1320.9	90⅝	91⅝	+2	21.34
Kumagai Gumi 3½ 2000	3/85	600	103⅝	104⅝	+0⅝	−0.26
Marui 3½ 99	7/84	1162	90¾	91¾	+0⅝	6.30
Mitsubishi Elec 2⅞ 00	3/85	422	92⅝	93⅝	0	−1.82
Murata 3½ 99	2/84	2351.2	110	111	+1⅝	23.77
Murata 3½ 2000	7/84	2398	107¾	108¾	+1⅝	24.97
Nippon Elec 2⅞ 2000	1/85	1295	83⅝	84⅝	+1⅛	42.99
Nippon Oil Co 3 2000	5/85	923	96	97	+0½	2.32
Nippon Oil Co 3¼ 99	3/84	1052	95	97	+0¾	12.58
Old Elec Ind 3½ 99	10/84	805	88⅝	89⅝	+0⅝	20.82
Orient Leasing 5¼ 98	6/83	2680	99⅝	100⅝	+1½	−0.15
Sekisui House 3 99	6/84	612	98⅞	99⅞	+1½	8.57
Sony Corp 2 2000	5/85	4578	95	96	+5	18.13
Sumitomo Corp 2⅞ 99	5/84	508	101⅛	102⅛	+4⅝	1.29
Taiyo Yuden 3¼ 2000	3/85	1078	98¼	99¼	+2¼	2.68
Takeda Riken 3⅜ 2000	10/84	7663	90½	91½	0	14.78
Tokyo Sanyo Elec 3½ 99	12/84	772	91¾	92¾	+3⅝	11.49
Toshiba Ceramics 3 2000	4/85	1734.2	92⅝	93⅝	+0½	8.51
Nippon Oil Co 2⅛ 92 SF	3/84	1052	†105½	106	+1⅝	18.66
Nippon Shinpan Co 2 92 SF	3/84	801	†91¼	91½	−0¼	21.29
Settsu Paper 2¾ 92 SF	4/84	677	†130	130	−0½	−3.67
Asics 5 92 DM	12/83	529	102⅝	103⅝	−0¼	22.41
Sun Realty 6¼ 92 DM	2/83	385	222	223	+2	8.61

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week — Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date — Date next coupon becomes effective. Spread — Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn — current coupon. C.yld — current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day — Change on day. Cnv. date — First date for conversion into shares. Cnv. price — Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem — Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

New issue
April 30, 1985

All these bonds having been sold, this announcement appears as a matter of record only.

The Mortgage Bank and Financial Administration Agency of the Kingdom of Denmark

DM 150,000,000
7⅝% Bonds due 1995

Guaranteed by the

Kingdom of Denmark

WESTDEUTSCHE LANDESBANK GIROZENTRALE

COMMERZBANK Aktiengesellschaft — DEUTSCHE BANK Aktiengesellschaft

AMRO INTERNATIONAL LIMITED — CREDIT COMMERCIAL DE FRANCE — KREDIETBANK INTERNATIONAL GROUP

PRIVATBANKEN A/S — COPENHAGEN HANDELSBANK A/S — DEN DANSKE BANK

Abu Dhabi Investment Company
Algemene Bank Nederland N.V.
Al-Mal Group
Andelsbanken Danebank
Arab Banking Corporation – Daus & Co. GmbH
Badische Kommunale Landesbank – Girozentrale –
Banca Commerciale Italiana
Banca del Gottardo
BankAmerica Capital Markets Group
Bank of China London Branch
Bankers Trust International Limited
Bank für Gemeinwirtschaft Aktiengesellschaft
Bank Mees & Hope NV
Bank of Tokyo International Limited
Banque Bruxelles Lambert S.A.
Banque Française du Commerce Extérieur
Banque Générale du Luxembourg S.A.
Banque Indosuez
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque Paribas Capital Markets
Banque Populaire Suisse S.A. Luxembourg
Banque de l'Union Européenne
Barclays Merchant Bank Limited
Baring Brothers & Co., Limited
Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank Aktiengesellschaft
Joh. Berenberg, Gossler & Co.
Bergen Bank A/S
Berliner Handels- und Frankfurter Bank
Bankhaus Gebrüder Bethmann
Bikuben
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –
Caisse des Dépôts et Consignations
Chase Manhattan Capital Markets Group
CIBC Limited
Citicorp Capital Markets Group
County Bank Limited
Creditanstalt-Bankverein
Crédit Industriel et Commercial de Paris
Crédit Lyonnais
Credito Italiano
Credit Suisse First Boston Limited
Daiwa Europe Limited
Den norske Creditbank
Deutsche Girozentrale – Deutsche Kommunalbank –
DG Bank Deutsche Genossenschaftsbank
Dominion Securities Pitfield Limited
Dresdner Bank Aktiengesellschaft
DSL Bank Deutsche Siedlungs- und Landesrentenbank
Effectenbank-Warburg Aktiengesellschaft
Enskilda Securities Skandinaviska Enskilda Limited
Euromobiliare S.p.A.
European Arab Bank
European Banking Company Limited
Fællesbanken for Danmarks Sparekasser Aktieselskab
First Interstate Limited
Fuji International Finance Limited
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Hambros Bank Limited
Hamburgische Landesbank – Girozentrale –
Hessische Landesbank – Girozentrale –
Hill Samuel & Co. Limited
Industriebank von Japan (Deutschland) Aktiengesellschaft
Istituto Bancario San Paolo di Torino
Kansallis-Osake-Pankki
Kidder, Peabody International Limited
Kleinwort, Benson Limited
Kredietbank N.V.
Kuwait International Investment Co. s.a.k.
Kuwait Investment Company (S.A.K.)
Landesbank Rheinland-Pfalz – Girozentrale –
Landesbank Saar Girozentrale
Landesbank Schleswig-Holstein Girozentrale
Lloyds Bank International Limited
LTCB International Limited
Manufacturers Hanover Limited
McLeod Young Weir International Limited
Merck, Finck & Co.
Merrill Lynch Capital Markets
B. Metzler seel. Sohn & Co.
Mitsubishi Finance International Limited
Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited
Morgan Guaranty Ltd
Morgan Stanley International
The Nikko Securities Co., (Europe) Ltd.
Nippon Credit International (HK) Ltd.
Nomura International Limited
Norddeutsche Landesbank Girozentrale
Nordfinanz-Bank Zürich
Österreichische Länderbank Aktiengesellschaft
Sal. Oppenheim jr. & Cie.
Orion Royal Bank Limited
Pierson, Heldring & Pierson N.V.
PK Christiania Bank (UK) Limited
Postipankki
N.M. Rothschild & Sons Limited
Salomon Brothers International Limited
Sanwa International Limited
J. Henry Schroder Wagg & Co. Limited
Shearson Lehman Brothers International
Smith Barney, Harris Upham & Co. Incorporated
Société Générale
Société Générale de Banque S.A.
Sparekassen SDS
Sumitomo Finance International
Svenska Handelsbanken Group
Swiss Bank Corporation International Limited
Trinkaus & Burkhardt
Union Bank of Finland Ltd.
Union Bank of Norway Ltd.
Union Bank of Switzerland (Securities) Limited
Vereins- und Westbank Aktiengesellschaft
M.M. Warburg-Brinckmann, Wirtz & Co.
S.G. Warburg & Co. Ltd.
Wardley
Westdeutsche Genossenschafts-Zentralbank e.G.
Westfalenbank Aktiengesellschaft
WestLB International S.A.
Wood Gundy Inc.
Württembergische Kommunale Landesbank Girozentrale
Yamaichi International (Europe) Limited

New issue
May 15, 1985

All these bonds having been sold, this announcement appears as a matter of record only.

RENFE

Red Nacional de los Ferrocarriles Españoles

Madrid

DM 100,000,000
7¾% Bonds due 1995

Guaranteed by the

STATE OF SPAIN

WESTDEUTSCHE LANDESBANK GIROZENTRALE

COUNTY BANK Limited — CREDIT COMMERCIAL DE FRANCE — DRESDNER BANK Aktiengesellschaft

KREDIETBANK INTERNATIONAL GROUP — MERRILL LYNCH CAPITAL MARKETS — NOMURA INTERNATIONAL LIMITED

ORION ROYAL BANK Limited — SWISS BANK CORPORATION INTERNATIONAL LIMITED

BANCO EXTERIOR (SUIZA) S.A. — BANCO HISPANO AMERICANO Limited

Abu Dhabi Investment Company
Ahli Bank of Kuwait (K.S.C.)
Algemene Bank Nederland N.V.
Al-Mal Group
Amro International Limited
Arab Banking Corporation – Daus & Co. GmbH
Arabian General Investment Corporation
Bankhaus H. Aufhäuser
Banca Commerciale Italiana
Banca del Gottardo
BankAmerica Capital Markets Group
Bank of China London Branch
Bank für Gemeinwirtschaft Aktiengesellschaft
Bank Gutzwiller, Kurz, Bungener (Overseas) Limited
Bank of Tokyo International Limited
Banque Bruxelles Lambert S.A.
Banque Française du Commerce Extérieur
Banque Générale du Luxembourg S.A.
Banque Indosuez
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque de Neuflize, Schlumberger, Mallet
Banque Paribas Capital Markets
Banque Populaire Suisse S.A. Luxembourg
Banque de l'Union Européenne
Barclays Merchant Bank Limited
Baring Brothers & Co., Limited
Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank Aktiengesellschaft
Joh. Berenberg, Gossler & Co.
Bergen Bank A/S
Berliner Bank Aktiengesellschaft
Berliner Handels- und Frankfurter Bank
Caisse des Dépôts et Consignations
Caja de Ahorros y Monte de Piedad de Madrid
Chase Manhattan Capital Markets Group
Chemical Bank International Group
CIBC Limited
Citicorp Capital Markets Group
Commerzbank Aktiengesellschaft
Compagnie Monégasque de Banque
Copenhagen Handelsbank A/S
Creditanstalt-Bankverein
Crédit Industriel et Commercial de Paris
Crédit Lyonnais
Crédit du Nord
Credito Italiano
Credit Suisse First Boston Limited
Daiwa Europe Limited
Den Danske Bank
Den norske Creditbank
Deutsche Bank Aktiengesellschaft
Deutsche Girozentrale – Deutsche Kommunalbank –
DG Bank Deutsche Genossenschaftsbank
Dillon, Read Limited
Dominion Securities Pitfield Limited
DSL Bank Deutsche Siedlungs- und Landesrentenbank
Effectenbank-Warburg Aktiengesellschaft
Enskilda Securities Skandinaviska Enskilda Limited
Euromobiliare S.p.A.
European Arab Bank
European Banking Company Limited
Fuji International Finance Limited
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Hambros Bank Limited
Handelsbank N.W. (Overseas) Limited
Hessische Landesbank – Girozentrale –
Hill Samuel & Co. Limited
Industriebank von Japan (Deutschland) Aktiengesellschaft
Istituto Bancario San Paolo di Torino
Kansallis-Osake-Pankki
Kidder, Peabody International Limited
Kleinwort, Benson Limited
Kredietbank N.V.
Kuwait Investment Company (S.A.K.)
Landesbank Rheinland-Pfalz – Girozentrale –
Lloyds Bank International Limited
LTCB International Limited
Manufacturers Hanover Limited
McLeod Young Weir International Limited
Merck, Finck & Co.
B. Metzler seel. Sohn & Co.
Mitsubishi Finance International Limited
Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited
Morgan Guaranty Ltd
Morgan Stanley International
The Nikko Securities Co., (Europe) Ltd.
Nippon Credit International (HK) Ltd.
Norddeutsche Landesbank Girozentrale
Österreichische Länderbank Aktiengesellschaft
Sal. Oppenheim jr. & Cie.
PaineWebber International
Pierson, Heldring & Pierson N.V.
PK Christiania Bank (UK) Limited
Privatbanken A/S
Prudential-Bache Securities International
N.M. Rothschild & Sons Limited
Salomon Brothers International Limited
Sanwa International Limited
J. Henry Schroder Wagg & Co. Limited
Shearson Lehman Brothers International
Smith Barney, Harris Upham & Co. Incorporated
Société Générale
Société Générale de Banque S.A.
Sparekassen SDS
Sumitomo Finance International
Svenska Handelsbanken Group
Trinkaus & Burkhardt
Union Bank of Switzerland (Securities) Limited
Vereins- und Westbank Aktiengesellschaft
M.M. Warburg-Brinckmann, Wirtz & Co.
S.G. Warburg & Co. Ltd.
Wardley
Westdeutsche Genossenschafts-Zentralbank e.G.
Westfalenbank Aktiengesellschaft
WestLB International S.A.
Wood Gundy Inc.
Yamaichi International (Europe) Limited

New issue
May, 1985

All these bonds having been sold, this announcement appears as a matter of record only.

WestLB Finance N.V.

Curaçao, Netherlands Antilles

ECU 70,000,000
9½% Bearer Bonds due 1990

Secured on a Deposit with the New York Branch of
WESTDEUTSCHE LANDESBANK GIROZENTRALE

WESTDEUTSCHE LANDESBANK GIROZENTRALE — KREDIETBANK INTERNATIONAL GROUP — MORGAN GUARANTY LTD

BANK BRUSSEL LAMBERT N.V. — GENERALE BANK

AMRO INTERNATIONAL LIMITED — BANK OF TOKYO INTERNATIONAL LIMITED — BANQUE PARIBAS CAPITAL MARKETS

CAISSE DES DEPOTS ET CONSIGNATIONS — CHASE MANHATTAN CAPITAL MARKETS GROUP — COUNTY BANK LIMITED

CREDIT COMMERCIAL DE FRANCE — CREDIT COMMUNAL DE BELGIQUE S.A. /GEMEENTEKREDIET VAN BELGIE N.V. — CREDITO ITALIANO

CREDIT SUISSE FIRST BOSTON LIMITED — FUJI INTERNATIONAL FINANCE LIMITED — GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN AKTIENGESELLSCHAFT

KANSALLIS-OSAKE-PANKKI — MERRILL LYNCH CAPITAL MARKETS — MITSUBISHI FINANCE INTERNATIONAL LIMITED

MORGAN STANLEY INTERNATIONAL — THE NIKKO SECURITIES CO., (EUROPE) LTD. — ORION ROYAL BANK LIMITED

SANWA INTERNATIONAL LIMITED — SOCIETE GENERALE — SPAREKASSEN SDS

SVENSKA HANDELSBANKEN GROUP — SWISS BANK CORPORATION INTERNATIONAL LIMITED — UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

S.G. WARBURG & CO. LTD. — YAMAICHI INTERNATIONAL (EUROPE) LIMITED

Abu Dhabi Investment Company
Algemene Bank Nederland N.V.
Al-Mal Group
Banca Commerciale Italiana
Banca del Gottardo
Banca Manusardi & C.
Banca Nazionale del Lavoro
Banco di Roma
BankAmerica Capital Markets Group
Bank der Bondsspaarbanken N.V.
Bank für Gemeinwirtschaft Aktiengesellschaft
Bank Gutzwiller, Kurz, Bungener (Overseas) Limited
Bank Ippa
Bank Mees & Hope NV
Bankverein Bremen AG
Banque du Benelux S.A.
Banque Française du Commerce Extérieur
Banque Franco-Allemande
Banque Générale du Luxembourg S.A.
Banque Indosuez
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque de Neuflize, Schlumberger, Mallet
Banque Paribas Belgique S.A.
Banque Populaire Suisse S.A. Luxembourg
Banque de l'Union Européenne
Banque Worms
Baring Brothers & Co., Limited
Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank Aktiengesellschaft
Berliner Handels- und Frankfurter Bank
Caisse d'Epargne de l'Etat Banque de l'Etat, Luxembourg
CERA – Centrale Raiffeisenkas C.V. – Belgium
Chemical Bank International Group
CIBC Limited
Citicorp International Bank Limited
Commerzbank Aktiengesellschaft
Compagnie Monégasque de Banque
Copenhagen Handelsbank A/S
Crédit Agricole
Creditanstalt-Bankverein
Crédit Général S.A. de Banque
Crédit Industriel d'Alsace et de Lorraine
Crédit Industriel et Commercial de Paris
Crédit Lyonnais
Crédit du Nord
Den Danske Bank International S.A.
Den norske Creditbank (Luxembourg) S.A.
Deutsche Bank Aktiengesellschaft
Deutsche Girozentrale – Deutsche Kommunalbank –
DG Bank Deutsche Genossenschaftsbank
Dominion Securities Pitfield Limited
Dresdner Bank Aktiengesellschaft
Enskilda Securities Skandinaviska Enskilda Limited
European Arab Bank
European Banking Company Limited
Goldman Sachs International Corp.
Hambros Bank Limited
Handelsbank N.W. (Overseas) Limited
Hessische Landesbank – Girozentrale –
Hill Samuel & Co. Limited
Irish Intercontinental Bank Limited
Istituto Bancario San Paolo di Torino
Kidder, Peabody International Limited
Kleinwort, Benson Limited
Kredietbank S.A. Luxembourgeoise
Kredietbank (Suisse) S.A.
F. van Lanschot Bankiers N.V.
Lloyds Bank International Limited
Manufacturers Hanover Limited
Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited
Nederlandsche Middenstandsbank N.V.
Nederlandse Credietbank NV
Nippon Credit International (HK) Ltd.
Nippon European Bank S.A.
Nomura International Limited
Norddeutsche Landesbank Girozentrale
Österreichische Länderbank Aktiengesellschaft
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Wood Gundy Inc.

New issue
April 29, 1985

This announcement appears as a matter of record only.

The Kingdom of Belgium

DM 100,000,000
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WESTDEUTSCHE LANDESBANK GIROZENTRALE

WestLB

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Suzuki boosts pre-tax income 58%

BY YOKO SHIBATA IN TOKYO

PARENT company taxable profits at the Japanese maker of motorcycles and compact cars, Suzuki Motor, climbed 58 per cent from Y10.81bn to Y17.09bn ($13.7m) in the year to March.

Net profits rose by 20.5 per cent from Y5bn to Y6.03bn, on turnover of Y580.84bn, 10.8 per cent ahead from Y524.26bn. On a per-share basis, net earnings advanced from Y16.89 to Y20.35. The final dividend is unchanged at Y3.50 for a Y6.50 total.

Motorcycle sales moved up by 4 per cent to 1.2m units, with a major boost from exports, which increased 15 per cent to 721,000 sets including 314,124 exports of knock-down kits. Motorcycle exports more than offset weak domestic sales at 451,000, down by 10 per cent.

Car sales advanced by 10 per cent to 703,790 units, after a 43.4 per cent jump in exports to 245,983 sets.

The start of shipments 17,000 units of compact cars to General Motors, which has a 5 per cent stake in Suzuki, helped boost profits as did a shipment of 80,000 cars to a joint venture with an Indian state car company, Maruti Udyong. Export sales to South-East Asia were up 68 per cent, and those to the Middle East market doubled. The value of export sales moved ahead by 28 per cent, to account for 44 per cent of the total.

The performance benefited from a Y8.5bn contribution by a boost in production, Y5.5bn from cost-cutting, and Y2bn from a depreciation in the yen against the dollar. These favourable factors more than offset the negative effects of higher depreciation charges.

In the current year some recovery in sales of motorcycles and four-wheel vehicles in the domestic market is expected. In the four year of Japan's voluntary restraints of car exports to the U.S., Suzuki together with Mitsubishi and Isuzu was given preferential treatment with higher exports quotas, in line with U.S. manufacturers' request for a larger supply. Suzuki's shipment of cars to GM is expected to treble. Another record year for earnings is expected, provided there is no sharp appreciation in the yen against the dollar.

Full-year operating profits are projected at Y20bn, up 17 per cent and net profits at Y9bn, up 49 per cent. Sales are forecast to reach Y680bn, up by 17 per cent from the previous year.

ANZ held back by costs of expansion

By Lachlan Drummond in Sydney

A MOVE into the international arena by the (ANZ) has restrained profits for the six months to March, with net earnings ahead only 3 per cent to A$140.14m (U.S.$95.97m) from A$135.96m.

Grindlays Bank of the UK, acquired just a year ago, turned in an A$8.55m profit. But with a total of A$450m in acquisition costs and fresh equity tied up in this subsidiary and further resources committed to bolstering other overseas operations, the overall negative impact on profits from the international push was far greater.

The transfer of resources out of the domestic sector was accompanied by a tightening of margins in the local market and higher operating costs, the company said. This resulted in a A$11.1m retreat in earnings by the Australian trading bank arm.

Westpac, a main banking rival within Australia, last Friday reported a 29 per cent increase in net earnings to A$185.4m. This result exceeded brokers' estimates by the same A$15m to A$20m margin by which the ANZ result fell short, as Westpac picked up the local market share apparently given up by the ANZ as it shifted resources offshore.

The Grindlays performance of £5.4m net compares with £9.57m for the six months to June last year, before it altered its year-end to fit in with its new parent. At the pre-tax level, earnings were £18.5m against £19.2m.

The overall ANZ result was 14 per cent higher at A$291.8m before a tax charge ahead by 30 per cent from A$112m.

Tri-View gets rescheduling and larger loan

BY DAVID DODWELL IN HONG KONG

TRI-VIEW, the Taiwan-controlled joint venture set up in Hong Kong three years ago to build the HK$3bn (U.S.$386.4m) Parkview luxury housing development, yesterday won agreement from 28 banks to reschedule a loan which is at the same time to be increased from HK$1bn to HK$1.7bn (U.S.$219m).

The rescheduling agreement follows the sale last week of a 30 per cent in Tri-View by Hsin Chong Properties, a local group which has had its shares suspended on the Hong Kong stock markets since last September because of liquidity problems.

The minority stake was bought by associates of Chyau Fwu Properties, the Taiwan company controlled by the Hwang family, which holds the outstanding 70 per cent stake in Tri-View.

The new loan—which will be lead-managed by Barclays Asia, Chase Manhattan Asia, Standard Chartered Asia, and the Bank of East Asia—is for 6½ years, and is one of the largest property loans ever made in Hong Kong. Original lenders to Tri-View account for HK$1.2bn of the new loan, with the Bangkok Bank and Japan's Mitsubishi Corporation providing the remaining HK$500m.

The Parkview development, which includes 22 buildings and provides almost 13,000 flats, is in the Tai Tam country park on the southern side of Hong Kong Island. The first stage of the development—four blocks to be sold to the Hong Kong Government—is due for completion by the end of 1986.

Hsin Chong Holdings, which will have no further involvement with the project following the sale of its stake, has blamed some of its financial problems on difficulties in pre-selling flats in the Parkview development. This was common practice when the project was undertaken, but has been almost impossible since the collapse of the property market in 1982.

● Shui On (Holdings), one of Hong Kong's leading construction groups, yesterday paid HK$302m for a site in Wanchai on Hong Kong Island on which it plans to build its new headquarters buildings. At a government auction in which seven sites were sold at prices which augur well for the territory's recovering property market, Shui On paid about HK$100m more than property analysts had predicted.

Observers were careful to avoid over-optimistic conclusions because of Shui On's special motive for bidding keenly for the Wanchai site, but the mood of the auction provides fresh evidence that Hong Kong's battered property sector has entered a more stable period.

Shui On, with an annual turnover of more than HK$1bn, has been extremely active in recent months. Last September the privately-owned group mounted a reverse takeover into a small publicly-quoted company called Harbour Engineering. Since then, it has emerged as a keen bidder for two major local contracts soon to be awarded—one to build Hong Kong's second cross-harbour tunnel, and a second to build the new Bank of China headquarters.

Malay entrepreneur reshuffles assets

BY WONG SULONG IN KUALA LUMPUR

MR SYED KECHIK, reputed to be the richest Malay entrepreneur in Malaysia, has announced a reshuffle of his assets under which his stakes in a bank and a property company will pass to the publicly listed Temerloh Rubber Estates, in a deal worth 193m ringgit (US$78m)

Temerloh will issue 46.1m new shares—valued at 4.2m ringgit each and representing nearly 75 per cent of its enlarged capital —to acquire 32.9 per cent of Development and Commercial Bank (D&C) and 40 per cent of On-Tai Developments.

Mr Syed who already controls Temerloh, will end up with 87.6 per cent of the company.

Control of the bank and On-Tai had been held jointly by Mr Syed and the family headed by Mr Tun H. S. Lee, a former Malaysian Finance Minister. Their relationship is reported to have become strained,

Last year, the Lee family transferred their 33 per cent stake in D & C and their 60 per cent in On-Tai to their own publicly listed vehicle, Roxy.

Profits dip at Gulf Air

By Our Financial Staff

GULF AIR, the international airline owned jointly by Bahrain Qatar, the United Arab Emirates and Oman, has reported a 7.7 per cent dip in 1984 profits, to BD18m ($47.76m) from BD 19.5m in 1983.

Tokyo and Amsterdam in share dealing pact

BY CARLA RAPOPORT IN TOKYO

THE TOKYO and Amsterdam stock exchanges have agreed in principle to allow the shares in 25 major Japanese companies to be traded in yen in the Dutch market.

If the plan goes ahead, it will mark the first opening of a foreign stock exchange to daily trading of Japanese stocks on the same settlement terms as Tokyo. At present European investors in Japanese stocks must buy through nominees via Continental Depositary Receipts (CDRs).

The system will allow investors to deal in Japanese shares after the Tokyo Stock Exchange closes for the day. The Japan Securities Clearing Company, a subsidiary of the Tokyo Stock Exchange, said yesterday that the new system was aimed primarily at Dutch investors, as opposed to Japanese investors interests in extending the hours available for buying and selling.

UP buys rest of Unitata

BY OUR KUALA LUMPUR CORRESPONDENT

UNITED PLANTATIONS (UP), the major Malaysian palm oil producer, is to acquire full control of Unitata its refining associate, by buying out the 50 per cent stake owned by the Tata group of India.

UP will issue 4.8m new shares to Tata for the stake. At their current traded price of 4.6 ringgit each on the Kuala Lumpur Stock Exchange, the deal is valued at 22.08m ringgit ($8.9m).

The need for reorganisation arose because Unitata was formed as a joint venture at a time when majority shareholders of UP were Danish. But since 1982, the Malaysian state-owned Fima group has bought over control of UP. The wish to enable Unitata to "achieve Malaysian status," in accordance with official policy, prompted the buyout to be negotiated, United Plantations said.

Unitata, incorporated in 1971, has a paid-up capital of 38m ringgit.

JAPANESE RESULTS

JACCS
CONSUMER CREDIT

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	675	600
Pre-tax profits (bn)	2.36	2.09
Net profits (bn)	0.97	1.07
Net per share	7.58	8.42
Dividend	6.50	6.50

PARENT COMPANY

KUMAGAI GUMI
CIVIL ENGINEERING

Half-year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	324	291
Pre-tax profits (bn)	12.37	12.21
Net profits (bn)	6.02	6.32
Net per share	16.11	18.11
Dividend	0	0

PARENT COMPANY

TOYO ENGINEERING
ENGINEERING

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	173	142
Pre-tax profits (bn)	13.75	13.46
Net profits (bn)	7.04	7.41
Net per share	52.71	61.24
Dividend	8	8

PARENT COMPANY

Copies of this document, each having attached thereto the documents specified herein, have been delivered to the Registrar of Companies for registration.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Wold PLC ("the Company") together with its subsidiaries. The Directors of the Company have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the ordinary share capital of the Company in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to official listing.

The application list for the ordinary share capital of the Company now being offered for sale will open at 10.00 a.m on Tuesday, 28th May, 1985 and may be closed at any time thereafter. The procedure for application and an application form are set out at the end of this document.

WOLD PLC

(Incorporated in England under the Companies Acts 1948 to 1981. Registered Number 1761073)

Offer for Sale

by

Citicorp International Bank Limited

and

Phillips & Drew

of

5,263,158 Ordinary Shares of 5p each
at 95p per share payable in full on application

Directors and Advisers

Board of Directors

Peter Dobson Silvester	*Non-executive Chairman*
Alec Leonard Coney	*Non-executive Vice-Chairman*
Roger Newton	*Chief Executive*
Christopher Joseph Mawer Cottingham	*Non-executive*
David Cramb CBE	*Non-executive*
Dennis Albert Slater Duffield	*Commercial Director*
Norman Jackson	*Non-executive*
Fraser Charles Lyon	*Operations Director*
Ian Wheeler	*Finance Director*

all of Birchin Way, Grimsby, South Humberside DN31 2SE

Secretary and Registered Office

Ian Wheeler ACA
Birchin Way, Grimsby, South Humberside DN31 2SE

Financial Advisers

Citicorp International Bank Limited
335 Strand, London WC2R 1LS
and
Phillips & Drew
120 Moorgate, London EC2M 6XP

Stockbrokers

Phillips & Drew
120 Moorgate, London EC2M 6XP

Joint Auditors

Streets & Co., Chartered Accountants
Tower House, Lucy Tower Street, Lincoln LN1 1XW
and
Deloitte Haskins & Sells, Chartered Accountants
128 Queen Victoria Street, London EC4P 4JX

Reporting Accountants

Deloitte Haskins & Sells, Chartered Accountants
128 Queen Victoria Street, London EC4P 4JX

Solicitors to the Company

Roythorne & Co.
10 Pinchbeck Road, Spalding, Lincolnshire PE11 1PZ

Solicitors to the Offer for Sale

Clifford-Turner
Blackfriars House, 19 New Bridge Street, London EC4V 6BY

Principal Bankers

Barclays Bank PLC
52 Market Place, Boston, Lincolnshire PE21 6LU
Barclays Merchant Bank Limited
15/16 Gracechurch Street, London EC3V 0BA

Registrars and Transfer Office

Barclays Bank PLC
Registration Department, Radbroke Hall, Knutsford, Cheshire WA16 9EU

Receiving Bankers

Barclays Bank PLC
New Issues Department, PO Box 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD

Share capital

Authorised		Issued and to be issued fully paid
£1,500,000	in Ordinary Shares of 5p each	£1,076,947

The Ordinary Shares now being offered for sale will rank in full for all dividends hereafter declared or paid on the ordinary share capital of the Company.

Indebtedness

At the close of business on 3rd May, 1985 the Company and its subsidiaries had outstanding secured term loans totalling £2,790,000; unsecured loans totalling £900,000, which at the date of this document have been converted into Ordinary Shares; bank overdrafts totalling £4,107,180 all of which were secured; and hire and lease purchase commitments totalling £3,588,000.

Save as set out above and apart from intra-group indebtedness the Company and its subsidiaries did not have at that date any loan capital (including term loans) outstanding or created but unissued, or any mortgages, charges, or any other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, or guarantees or other material contingent liabilities.

On the same date the Company and its subsidiaries had aggregate cash balances with bankers amounting to £14,520.

Definitions

"the Company"	Wold PLC.
"Wold Farm Foods"	Wold Farm Foods Limited, a wholly owned subsidiary of the Company.
"Wold Europe"	Wold Farm Europe Limited, a wholly owned subsidiary of Wold Farm Foods.
"Edwards & Walkden"	Edwards & Walkden Limited, a wholly owned subsidiary of Wold Farm Foods.
"Wold Technical Services"	Wold Technical Services Limited, a wholly owned subsidiary of the Company.
"the Group"	the Company and its above subsidiary companies.
"M & P"	M & P (Engineering) Limited, a wholly owned subsidiary of the Company.
"Midleton Food Products"	Midleton Food Products Limited, a related company of the Group.
"the Board" or "the Directors"	the directors of the Company.
"Citicorp"	Citicorp Capital Investors Europe Limited, an institutional investor in the Company.
"CIN"	CIN Industrial Investments Limited, an institutional investor in the Company.
"The Prudential"	The Prudential Assurance Company Limited, an institutional investor in the Company.
"Ordinary Shares"	the ordinary shares of 5p each in the Company.

Summary of Information

The following information should be read in conjunction with the full text of this document from which it is derived:—

Business

The Group's principal activities are the freezing and packing of green vegetables for retail and wholesale distribution throughout the United Kingdom and in Western Europe. The Group is one of the three largest frozen green vegetable producers in the United Kingdom. In addition the Group has a food processing consultancy and engineering business which has been expanded by the acquisition of M & P in March, 1985.

Trading record

The combined turnover and profit before taxation of the *Group and M & P, on a pro forma basis (note (i)), for the* five years ended 31st December, 1984 is as follows:—

	Turnover £000	*Profit/(loss) before taxation* £000
1980	11,089	(1,256)
1981	13,179	274
1982	13,504	349
1983	20,624	941
1984	27,371	1,545

Offer for sale statistics

Offer for sale price per Ordinary Share	95p
Market capitalisation at the offer for sale price	£20.5 million
Percentage of ordinary share capital being offered for sale	
—by the Company	17.6 per cent.
—by existing shareholders	6.8 per cent.
Pro forma earnings per share for the year ended 31st December, 1984 (note (ii))	
—after tax charge of 11 per cent.	8.0p
—after notional tax charge of 35 per cent.	5.8p
Price earnings ratios at the offer for sale price (note (ii))	
—after tax charge of 11 per cent.	11.9
—after notional tax charge of 35 per cent.	16.4
Notional dividend for the year ended 31st December, 1984 (note (ii))	
—net dividend per share	2.3p
—gross yield based on the offer for sale price	3.5 per cent.

Notes:
(i) The combined figures for turnover and profit before taxation of the Group and M & P on a pro forma basis are taken from the table shown in section 6 headed "Trading record". The results of M & P have been adjusted to a calendar year basis.
(ii) Pro forma earnings per share, price earnings ratios and the notional dividend are calculated on the basis set out in section 9 headed "Earnings per share and dividends".

Description of the Business

1. Introduction

The Group is primarily engaged in producing and freezing green vegetables for retail and wholesale distribution throughout the United Kingdom and in Western Europe. In the United Kingdom it specialises in producing retail packs bearing the individual customer's name and packaging design ("own label") both for high street multiples, such as Bejam, Sainsbury and Tesco, and specialist distributors to the catering trade. The Group also supplies in bulk to Findus and is a leading exporter of frozen green vegetables.

The Group has an ancillary food processing consultancy and engineering business which has been expanded by the recent acquisition of M & P.

The Group's headquarters and freezing plant are located on a 12 acre freehold site at Grimsby, South Humberside. Originally developed in the late 1970's, the Board believes it is among the most modern vegetable freezing plants in Western Europe and the largest single site operation of its kind in the United Kingdom.

The Group, including M & P, comprises a holding company, five wholly owned operating subsidiaries and a related company, Midleton Food Products.

2. The frozen food market

The convenience of frozen foods has led to a threefold increase in domestic freezer ownership in the United Kingdom in the ten years to 1983. By that year, 67 per cent. of all United Kingdom households owned a freezer. This has led to a rapid growth in consumption of frozen food. The largest sector of frozen food sales by volume in the United Kingdom is the frozen vegetable market of which the Group has a significant share.

The Group also operates in Western Europe, where domestic freezer ownership is lower than in the United Kingdom. It is expected to increase in future, however, and should present significant opportunities for the Group.

3. History

The Group's business started with the formation of Wold Farm Foods as a pea growing co-operative in 1966. Until 1974 its primary activity was supplying fresh peas to Findus for freezing. In 1974 the Group acquired the majority of the present site in Grimsby and constructed its first freezing line and cold store.

During the late 1970's, production capacity was increased by two further freezing lines, a packing factory and additional cold storage facilities, to meet demand from high street supermarkets for frozen vegetables in "own label" packs.

In 1979, the Group established a European sales office in Holland to promote exports of frozen vegetables, primarily to Holland, Italy, Spain and West Germany.

By the end of the 1970's considerable expansion in vegetable freezing capacity in the United Kingdom had taken place, resulting in over-capacity and severe competition within the industry. In 1980, which was widely regarded as the worst ever year for the frozen vegetable industry, the Group, in common with many well known companies, suffered substantial losses. This led to a major management reorganisation and Roger Newton, then finance director, was appointed chief executive. At the same time, the Group became directly involved in growing and harvesting its own vegetables on rented land to augment the purchase of produce for freezing under contracts with farmers. The Group returned to profitability in 1981.

At the end of 1982 two additional freezing lines were constructed to accommodate a long term contract to supply a substantial quantity of frozen green vegetables to a major United Kingdom frozen food supplier.

By 1983 the Group was supplying many of the major multiple retail food chains in the United Kingdom. In December of that year £3 million of new capital was raised by the Group from a syndicate of institutional investors, comprising Citicorp, CIN and The Prudential, in order to provide additional working capital and finance further expansion. At this time Wold PLC was formed and acquired all the issued share capital of Wold Farm Foods.

In July, 1984 the Group acquired, for £253,000, the business of Edwards & Walkden, a London based trading company dealing primarily in frozen vegetable produce. Edwards & Walkden has a number of agencies for frozen vegetables not produced in commercial quantities in the United Kingdom, such as asparagus, sweetcorn and peppers. This acquisition enabled the Group to expand further its product range and customer base. During the six months from acquisition to 31st December, 1984 the incremental turnover attributable to this business was approximately £1.8 million.

In March, 1985 the Group acquired M & P. Since commencing business in 1982, it has provided a design and food machinery manufacturing service to a number of prominent United Kingdom and overseas companies.

4. Business

The following table shows Group turnover by activity over the last five years:—

	1980 £000	*1981* £000	*1982* £000	*1983* £000	1984 £000
Frozen vegetables					
Peas	5,360	6,182	5,869	10,519	12,529
Green beans	1,259	1,898	1,947	2,892	3,286
Brussels sprouts	1,467	1,486	1,729	1,395	2,601
Vegetable mixes	1,417	1,532	1,598	1,550	2,220
Cauliflower	999	1,181	837	839	1,245
Broad beans	87	163	254	661	837
Carrots	352	452	320	412	748
Other vegetable produce	34	187	233	236	912
	10,975	13,081	12,787	18,504	24,378
Consultancy and engineering services					
Group	114	98	243	763	1,666
M & P	—	—	474	1,357	1,327
Total	11,089	13,179	13,504	20,624	27,371

WOLD PLC (continued)

Frozen Vegetables

(i) Markets and customers

The Group is one of the three largest producers of frozen peas and other green vegetables in the United Kingdom together with Birds Eye and Ross. The Directors estimate that the Group's share of the United Kingdom frozen green vegetable market is approximately 18 per cent.

The Group's strategy has been to concentrate on meeting the increasing demand for customer "own label" retail packs whereas Birds Eye and Ross have focused on the promotion of their own branded products. The Group has never embarked upon any active marketing strategy to compete directly with them. Instead it has built up its present trading activity as a result of close business relationships with vegetable retailing and wholesaling companies.

Major customers are in the retail and wholesale markets, ranging from high street multiples to specialist catering distributors. In certain cases the Group is an exclusive supplier. Sales are made in bulk form to those customers who do not require a packing service.

The largest customer is Findus, which accounted for 26 per cent. of the Group's frozen vegetable turnover in 1984. Findus is supplied under a fixed term contract, renewable in 1987, and as part of the same overall arrangements, it supplements the Group's packing capacity, as explained below. The four next largest customers accounted for 25 per cent. of the Group's 1984 frozen vegetable turnover.

The majority of sales are made under contracts with a duration of twelve months or more and are subject to availability of crop.

The Group is a major exporter of frozen vegetables, and an analysis of sales in the United Kingdom and overseas over the last five years is as follows:

	1980 £000	1981 £000	1982 £000	1983 £000	1984 £000
United Kingdom	9,120	10,558	9,569	15,610	20,177
Overseas	1,855	2,523	3,218	2,894	4,201
Total frozen vegetables	10,975	13,081	12,787	18,504	24,378

Overseas sales are primarily to Holland, Italy, Spain and West Germany and are co-ordinated either direct from the United Kingdom or the Group's office in Holland.

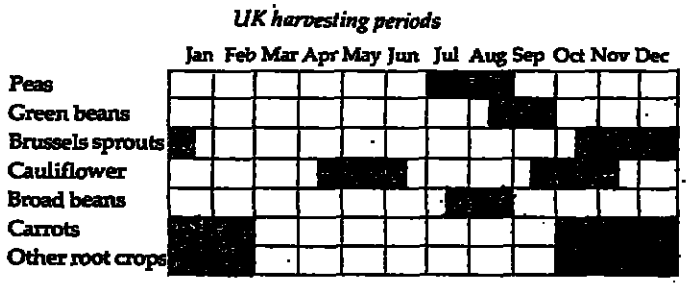
(ii) Procurement

In 1985, over 20,000 acres of crops are being cultivated for freezing either under contract by local growers (a number of whom are shareholders and Directors) or on land hired and farmed directly by the Group. The Group operates a vegetable harvesting fleet with which it harvests most of its own grown crops and also a significant proportion of crops grown for it by third parties. The scale of this involvement is unique among major processors and enables the Group to exercise close control over crop availability and quality.

Contracts with growers are usually for the supply of an entire annual crop. Currently about 25 per cent. of all United Kingdom grown vegetables frozen by the Group are supplied by a number of shareholders on contracts negotiated on arms length terms.

As shown by the chart below each crop has a limited harvesting period.

UK harvesting periods



Specialist agricultural staff are employed to monitor all aspects of crop development including seed selection, soil types, use of insecticides and herbicides and harvesting schedules.

(iii) Vegetable freezing and packing

Production facilities at Grimsby comprise five freezing lines with a total capacity of approximately 55,000 tonnes of vegetables per annum. The freezing process involves product cleaning and sorting, including quality control inspections at each stage, and then a quick-freezing process prior to cold storage. All vegetables are frozen within the guidelines and rules laid down by the food industry regulatory bodies. Extensive use is made of the latest technology in all areas of production, such as microprocessors to monitor energy consumption in the freezing process and opto-electronic scanners for sorting and inspecting vegetables on the production lines.

On-site cold storage facilities extend to 2 million cubic feet, sufficient for approximately 15,000 tonnes of vegetables. At peak times of the year, usually August to November, third party storage facilities are used.

Vegetables are removed from cold storage and packed according to customers' requirements and delivery schedules. There are eight automatic packing lines which produce pack sizes to customer specifications. Annual packing capacity is approximately 30,000 tonnes and this is supplemented by an agreement with Findus which is contracted to provide a further 10,000 tonnes of additional capacity.

Most of the Group's production is collected by the customers themselves. The balance is distributed by a third party specialist distributor with whom the Group has a long term contract.

On 31st December, 1984 the Group acquired a 24.99 per cent. equity interest in Midleton Food Products, a company registered in the Republic of Ireland and operating near Cork. This company currently produces approximately 5,000 tonnes of peas and green beans per annum in its own single line freezing factory. Its customers include supermarket chains in the Republic of Ireland.

Consultancy and engineering services

The construction and continuing development of the Grimsby site and the Group's direct agricultural involvement has enabled it to acquire considerable expertise in areas such as agricultural machinery, hydraulic engineering, seed selection and refrigeration engineering.

Increasingly, the Group has experienced demand from third parties for this expertise. The involvement with Midleton Food Products, referred to above, initially arose through a contract to renovate its vegetable freezing factory.

During 1984 Wold Technical Services was formed to develop such activities on a formal basis and, as part of the development programme, M & P was acquired in March, 1985. M & P is a specialist manufacturer and supplier of filling, packaging and food processing machinery. It operates from two factories near Manchester where it carries out design work and assembles machinery. Customers include Nestlé, Heinz and the Co-operative Wholesale Society.

5. Directors, management and employees

(a) *Directors*

Peter Silvester, aged 58, joined the Board as non-executive Chairman in April, 1984. He has been an executive director of Brooke Bond Group plc since 1976.

Alec Coney, aged 65, was appointed a Director in 1974 and became non-executive acting Chairman in December, 1983. In April, 1984 he became non-executive vice-Chairman. He is a farmer and a director of a number of private companies.

Roger Newton, BSc, ACMA, aged 39, joined the Group as finance Director in 1974 and became chief executive in July, 1980. Before joining the Group he spent 2 years as financial controller of Dornay Foods, a division of the Mars Group, after industrial experience with GEC and the J. Nickerson group of companies.

Chris Cottingham, aged 58, is a non-executive Director and has been on the Board since 1966. He is a farmer and a director of a number of private companies.

David Cramb, CBE, FCMA, FSCA, aged 58, was appointed non-executive Director in March, 1985. He has been an executive director of Rowntree Mackintosh plc since 1967.

Dennis Duffield, aged 45, joined the Group in 1974 after 10 years experience with Spillers Bakery Division where he was a management accountant. He was appointed a Director in April, 1983. He is currently commercial Director, responsible for the operations of Wold Farm Foods.

Norman Jackson, aged 61, is a non-executive Director and joined the Board in 1975. He is a farmer, a non-executive director of Feedex PLC and a director of a number of private companies.

Fraser Lyon, aged 45, joined the Group in 1979, became production Director in 1980 and operations Director in 1984. For the four years prior to 1979 he was managing director of Porkshire Limited. Previously he had been a production manager with Bowyers (Wiltshire) Limited and Haverhill Meat Products Limited.

Ian Wheeler, BA, ACA, aged 30, joined the Group in 1984. He was appointed company secretary in July of that year and became finance Director in May, 1985. He qualified as a chartered accountant with Deloitte Haskins & Sells and worked for them in the United Kingdom and USA.

Notes:

(i) all references to board appointments prior to December, 1983 are to the board of Wold Farm Foods. On 6th December, 1983 all the then directors of Wold Farm Foods became Directors of Wold PLC.

(ii) Messrs Coney, Cottingham and Jackson are interested in contracts to supply vegetables to the Group as mentioned in paragraph 3(f)(l) of "Statutory and General Information".

(b) *Senior management and employees*

Name	*Age*	*Date of joining the Group*	*Title*
Frozen vegetables			
Wold Farm Foods			
Nigel Burt, MSc	34	1983	Sales director
David Bush	43	1978	Personnel director
Tom Chapman	37	1974	Production director
Jim How, MSc	45	1977	Agricultural director
Edwards & Walkden			
Terry Lawlor	45	1984	Managing director
David Brown	37	1984	Sales director
Wold Europe			
Kees Schrevel	46	1979	Managing director
Consultancy and engineering services			
Wold Technical Services			
David Chilton	48	1974	Engineering director
M & P			
Derek Clough, MSc, ACMA	42	1985	Managing director

At 31st December, 1984, including executive Directors and senior managers, the Group employed 373 permanent staff, of whom 10 were engaged in agricultural operations, 275 in freezing and packing, 46 in engineering and support services, 17 in sales and distribution, and 25 in general administration. In addition, on the acquisition of M & P in March, 1985, 33 further employees joined the Group in technical and related activities. During peak production periods the Group employs up to a further 350 temporary staff.

The Group operates two contracted out pension schemes for eligible employees. The Directors consider industrial relations to be excellent.

The Directors believe it is important that senior executives of the Group should identify closely with its financial performance and be provided with long-term financial incentives. On 7th March, 1985, therefore, the Company established a share option scheme under the provisions of the Finance Act 1984. Details of this scheme (which is subject to the approval of the Inland Revenue) and of options which the Directors have agreed to grant under the scheme, are set out in paragraph 4 of "Statutory and General Information".

6. Trading record

The following table, which is based on information extracted from the Accountants' Report, summarises the results of the Group for the five years to 31st December, 1984 and the results of M & P since 1st August, 1982, when it commenced trading. M & P was acquired by the Group on 28th March, 1985 and its results have been adjusted, from management accounting information, to a calendar year basis in order to be consistent with the results of the Group:

		12 months ended 31st December, 1980 £000	1981 £000	1982 £000	1983 £000	1984 £000
Turnover	Group	11,089	13,179	13,030	19,267	26,044
	M & P	—	—	474	1,357	1,327
	Combined	11,089	13,179	13,504	20,624	27,371
Profit/(Loss) before tax	Group	(1,256)	274	207	808	1,472
	M & P	—	—	142	133	73
	Combined	(1,256)	274	349	941	1,545

Note:
Until 1984 the level of activity of the Group's consultancy and engineering services was considered to be incidental to the Group's principal business and, therefore, no separate analysis is available. Of the figure of £1,472,000 for profit before taxation of the Group for the year ended 31st December, 1984 approximately £150,000 relates to consultancy and engineering services.

In 1980 the Group, in common with many well known companies, suffered heavy losses principally because of over-capacity within the frozen vegetable industry. As part of a major management reorganisation in that year Roger Newton was appointed chief executive. The Group returned to profitability in 1981 but continuing rationalisation in the industry during 1982 restricted any further advances as stock liquidations and closures by the Group's competitors released large amounts of stock onto an already over-supplied market.

The Group achieved a major breakthrough at the end of 1982 when it secured the Findus contract. This resulted in a large increase in the scale of the Group's operations in 1983. At the end of that year the capital base of the Group was enlarged by an injection of £3 million of new equity from a group of institutional investors. This enabled the Group to continue its expansion and during 1984 it increased the size of its retail and wholesale customer base.

The results of M & P, as shown above, cover a period during which it was part of a privately owned group. Following integration with the Group's technical and consultancy operations, the Directors believe that M & P's product and customer base will be better exploited. In addition the availability of M & P's technical knowledge will enhance the development of the Group's consultancy business.

In 1985, the Group and M & P will, for the first time, be publishing their results for the first half of the year. This is normally a period of very little freezing activity due to the timing of the harvesting seasons. This seasonality means that the Group operates at a loss until July and generates its profits in the main processing season in the second half of the year.

7. Reasons for the offer for sale

The Directors consider that the Company has now reached the stage in its development when it is appropriate to seek admission to the Unlisted Securities Market. The Directors believe that the availability of a market for the Ordinary Shares will enhance the Company's status with its customers and suppliers, provide additional working capital and greater flexibility for financing future growth and enable it to make suitable acquisitions in related areas as and when opportunities arise.

8. Proceeds of the issue

The number of Ordinary Shares being offered for sale is 5,263,158 (representing 24.4 per cent. of the issued share capital) of which 3,794,746 are new shares being issued by the Company to raise £3.02 million after estimated expenses and the net costs of redemption of part of the capital of the Company in a capital reorganisation on 17th May, 1985. This will provide the Group with additional working capital and help finance future expansion.

The balance of Ordinary Shares is being sold by existing shareholders, as set out in paragraph 2(b) of "Statutory and General Information".

A pro forma statement of the capital and reserves of the Group and M & P at 31st December, 1984, which takes into account the capital reorganisation referred to above and the net proceeds to be received by the Company from the issue of the new shares, is set out below in the section headed "Pro forma balance sheet".

9. Earnings per share and dividends

On the basis shown in section 6 headed "Trading record" the combined profit before taxation for the year ended 31st December, 1984 for the Group and M & P was £1,545,000. The Directors estimate that if throughout the twelve months ended 31st December, 1984 the net proceeds of £3.02 million being raised by the issue of new shares at the offer for sale price had been available to the Company, saving interest at 13 per cent. per annum, the adjusted profit before taxation for the Group and M & P would have been £1,937,000.

On the basis of the Ordinary Shares in issue following the offer for sale, pro forma earnings per share, on an 11 per cent. tax charge basis (being advance corporation tax on a notional dividend of 2.3p per share as referred to below), would have been 8.0p, implying a price earnings ratio of 11.9 times at the offer for sale price. On the same basis, but assuming a notional tax charge of 35 per cent., earnings per share would have been 5.8p, implying a price earnings ratio of 16.4 times at the offer for sale price.

Had the Ordinary Shares been dealt in on the Unlisted Securities Market for the whole of 1984, the Directors would have recommended a total dividend for that year of 2.3p net per Ordinary Share. At the offer for sale price this would have represented a gross yield of 3.5 per cent. and the dividend would have been covered 2.4 times. In future it is intended that in respect of each financial year an interim dividend and a final dividend should be paid in November and May respectively. The Ordinary Shares now being offered for sale will rank for the interim dividend payable in November, 1985.

10. Current trading

The Group has made an encouraging start to the year with demand for frozen vegetables exceeding forecast figures.

The Directors are optimistic about prospects for 1985 but consider that at this stage it would be inappropriate to make a profit forecast since, as mentioned above, the Group's profit is earned in the second half of the year.

11. Prospects

The Directors are confident that there is considerable scope for further expansion of the Group's business.

- In the United Kingdom, the Directors believe that the "own label" sector of the frozen vegetable market, in which the Group concentrates, will continue to expand. This should provide growth opportunities not only for the Group's basic green vegetable lines but for more innovative products particularly:—
  - —higher added value products such as chilled prepared vegetables and new vegetable mixes. The continuous development of the Group's production facilities at Grimsby and investment in new technology makes it well placed to meet this demand;
  - —vegetables such as asparagus, peppers and sweetcorn which are grown mainly in warmer overseas climates and are becoming increasingly popular. The Group has already secured a number of agencies for the distribution of such products in the United Kingdom.
- The Directors also believe that there are opportunities for growth in overseas markets. In particular the Group is experiencing growing demand for its main product lines from the rest of Europe and has expanded its European sales coverage;
- The acquisition of M & P will enable the Group to develop further its consultancy and engineering services business both in the United Kingdom and especially overseas as frozen food industries are being developed in many parts of the world. There is an increasing requirement for expertise in refrigeration and food processing technology which the Group is well able to provide.

Over the last few years the Group has grown rapidly and the Directors look forward to the future with enthusiasm and confidence.

Accountants' Report

The following is a copy of the report on Wold PLC and its subsidiaries, including M & P (Engineering) Limited, made to the Directors of the Company, the Directors of Citicorp International Bank Limited and to the Partners of Phillips & Drew by Deloitte Haskins & Sells, Chartered Accountants.

Deloitte Haskins+Sells

128 Queen Victoria Street,
London EC4P 4JX

The Directors, Wold PLC;
The Directors, Citicorp International Bank Limited; and
The Partners, Phillips & Drew

Gentlemen, 20th May, 1985

WOLD PLC

1. Wold PLC ("the Company") was incorporated on 12th October, 1983 to hold shares in Wold Farm Foods Limited ("Wold Farm Foods"). The shares of Edwards & Walkden Limited ("Edwards & Walkden") were acquired by Wold Farm Foods and the shares of Wold Technical Services Limited ("Wold Technical Services") were acquired by the Company upon incorporation on 21st May, 1984 and 16th July, 1984 respectively.

2. Wold Farm Foods and its wholly owned subsidiary Wold Farm Europe Limited ("Wold Europe") have traded throughout the five years ended 31st December, 1984. The Company and its subsidiaries referred to above are hereafter collectively referred to as "the Group".

3. We have examined the audited financial statements of the Company since its incorporation, of Wold Farm Foods and Wold Europe for the five years ended 31st December, 1984, and of Edwards & Walkden and Wold Technical Services for the periods from incorporation to the 31st December, 1984.

4. Throughout the five years the auditors of the Group were Streets & Co., Chartered Accountants. We were appointed joint auditors of the Group with Streets & Co. on 22nd December, 1984.

5. On 28th March, 1985, the Company acquired the whole of the issued share capital of M & P (Engineering) Limited ("M & P"). Our report on this company is set out separately below.

6. No financial statements for submission to members of the Group have been made up in respect of any period subsequent to 31st December, 1984.

7. The information set out in paragraphs 10 to 15 below is based on the audited financial statements of the Group, after making all the adjustments we consider appropriate for the inclusion of our report in the document dated 20th May, 1985 issued by Citicorp International Bank Limited and Phillips & Drew on behalf of the Company. The audited financial statements of the subsidiaries in 1980 were made up for the 10 months to 31st December, 1980. For the purposes of this report all items of income and expenditure have been apportioned on a time basis incorporating 2 months of the audited financial statements for the year to 2nd March, 1980. The adjustments arising from such an apportionment are not material. The audited financial statements have been prepared on the basis of the accounting policies set out below. For each of the accounting periods dealt with in this report, the audited financial statements have been prepared in accordance with standards approved by the accountancy bodies in the United Kingdom.

8. In our opinion, the information set out in paragraphs 10 to 15 below gives, for the purpose of the document, a true and fair view of the profits and losses and source and application of funds of the Group for the five years ended 31st December, 1984, and also of the state of affairs of the Company and of the Group at 31st December, 1984.

9. We have also examined the abridged supplementary current cost financial statements of the Group set out in paragraphs 16 to 18 below, which have been prepared in accordance with the policies and methods described in paragraph 18, to give the information required by Statement of Standard Accounting Practice No. 16.

Accounting policies

10. The significant accounting policies that have been adopted in arriving at the financial information set out in this report are as follows:—

(a) *Basis of consolidation*
The consolidated financial statements include the results of the Group, all of which are made up to 31st December. Results of subsidiaries acquired are consolidated from the date of acquisition.
Goodwill arising on consolidation and representing the difference between the cost of acquisition of a subsidiary company and its net assets at the date of acquisition is written off to reserves in the year of acquisition.

(b) *Turnover*
Turnover represents the invoiced amount of goods sold to third parties after deduction of value added tax.

(c) *Tangible fixed assets*
Depreciation is provided at rates estimated to write off the relevant assets by equal annual amounts over their expected useful lives as follows:—

	Per cent.
Buildings	4
Factory plant and machinery	10
Office equipment	20
Motor vehicles	25
Agricultural equipment	10

(d) *Government grants*
Grants in respect of capital expenditure are deducted from the cost of the relevant assets.

(e) *Stocks*
Stocks are valued at cost including related production overheads, reduced to net realisable value where lower.

(f) *Foreign currencies*
Assets and liabilities in foreign currencies are translated into sterling at market rates ruling at the balance sheet date. Overseas profits are translated at the average rate ruling during the period. Exchange adjustments arising from the translation of opening net assets in overseas subsidiaries are dealt with through reserves.

(g) *Deferred taxation*
Provision for deferred taxation is only made when there is a reasonable probability that a liability will arise in the foreseeable future.

(h) *Pensions*
Retirement benefits to eligible employees are funded by contributions from the Group to funds controlled by trustees. Payments are charged against profits in the year they become payable and are calculated in accordance with recommendations made by consulting actuaries.

(i) *Leases*
Leasing charges are written off as they are incurred.

Group profit and loss accounts

11. Profit and loss accounts of the Group for the five years ended 31st December, 1984 after making appropriate adjustments to the audited financial statements, are set out below:—

	Notes	*Year ended 31st December,* 1980 £000	1981 £000	1982 £000	1983 £000	1984 £000
Turnover	14a	11,089	13,179	13,030	19,267	26,044
Net operating expenses	14b	(11,602)	(12,318)	(12,200)	(17,862)	(24,100)
Trading profit/(loss)	14c	(513)	861	830	1,405	1,944
Interest receivable		4	—	—	—	—
Interest payable		(747)	(587)	(623)	(597)	(472)
Profit/(loss) on ordinary activities before taxation		(1,256)	274	207	808	1,472
Taxation	14d	(4)	(2)	—	—	—
Profit/(loss) on ordinary activities after taxation		(1,260)	272	207	808	1,472
Preference dividend payable by a subsidiary company	14d	—	—	—	—	(396)
Minority interests		(2)	(1)	—	—	—
Retained profit/(loss)		(1,262)	271	207	808	1,076
Earnings per share	14e	(303p)	65p	50p	194p	258p

Balance sheets

12. The balance sheets of the Group and the Company at 31st December, 1984 are set out below:—

	Notes	the Group 31st December, 1984 £000	the Company 31st December, 1984 £000
Fixed assets			
Tangible assets	14f	7,318	—
Investments	14g	57	219
		7,375	219
Current assets			
Stocks	14h	11,559	—
Debtors	14i	2,329	—
Cash in hand		4	1
		13,892	1
Creditors due within one year	14j	(9,083)	(19)
Net current assets/(liabilities)		4,809	(18)
Total assets less current liabilities		12,184	201
Creditors due after more than one year	14k	(3,346)	—
		8,838	201
Capital and reserves			
Called up share capital	14l	83	83
Share premium account		118	118
Other reserves	14m	5,838	—
Shareholders' funds		6,039	201
Minority interest	14n	2,799	—
		8,838	201

Consolidated source and application of funds statements

13. The consolidated source and application of funds statements for the five years ended 31st December, 1984 are set out below:—

	Year ended 31st December, 1980 £000	1981 £000	1982 £000	1983 £000	1984 £000
Sources					
Profit/(loss) on ordinary activities before taxation	(1,256)	274	207	808	1,472
Depreciation	299	324	440	493	593
Minority interests	4	(3)	(1)	—	—
Exchange movements	—	(17)	(12)	12	(28)
	(953)	578	634	1,313	2,037
Other sources					
Proceeds from disposal of tangible fixed assets	5	18	1	62	12
Proceeds from issue of shares	—	418	696	201	—
Issue of preference shares	—	—	—	2,799	—
Medium term loans	—	—	3,500	—	—
Hire purchase loans	—	—	—	—	651
	(948)	1,014	4,831	4,375	2,700
Applications					
Purchase of tangible fixed assets	497	204	885	1,122	1,301
Preference share dividend of subsidiary	—	—	—	—	396
Repayment of loans	—	260	2,140	—	255
Capital reorganisation expenses	—	—	—	215	—
Acquisition of business (see note)	—	—	—	—	253
Investments	—	—	—	—	57
Others	—	—	—	6	—
	497	464	3,025	1,343	2,262
Investment in working capital					
Increase in stocks	433	1,994	1,799	1,571	1,691
Increase/(decrease) in debtors	(439)	568	193	302	291
(Increase)/decrease in creditors	(1,159)	(1,559)	(92)	349	(902)
	(668)	1,467	4,925	3,565	3,342
Net source/(application) of funds	(280)	(453)	(94)	810	(642)
Represented by:—					
Increase/(decrease) in cash in hand	—	2	(1)	1	—
(Increase)/decrease in bank overdraft	(280)	(455)	(93)	809	(642)
	(280)	(453)	(94)	810	(642)

Note:—
The net assets attributable to Edwards & Walkden were:—

	£000
Tangible fixed assets	71
Stocks	66
Goodwill	116
Cash paid	253

Notes

14. a) Turnover
The analysis of turnover by activity is as follows:—

	Year ended 31st December, 1980 £000	1981 £000	1982 £000	1983 £000	1984 £000
Frozen vegetables	10,975	13,081	12,787	18,504	24,378
Consultancy and engineering services	114	98	243	763	1,666
	11,089	13,179	13,030	19,267	26,044

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WOLD PLC (continued)

b) Net operating expenses

	Year ended 31st December, 1980 £000	1981 £000	1982 £000	1983 £000	1984 £000
Increase in stocks	(433)	(1,994)	(1,799)	(1,571)	(1,758)
Raw material purchases	4,642	4,643	4,706	7,755	11,329
Staff costs	2,150	2,971	3,090	3,262	3,915
Own work capitalised	(24)	(57)	(60)	(196)	(108)
Depreciation	299	324	440	493	593
Other operating charges	4,968	6,431	5,823	8,119	10,129
Net operating *expenses*	11,602	12,318	12,200	17,862	24,100

c) Trading profit/(loss)

Trading profit/(loss) is arrived at after charging:—

	Year ended 31st December, 1980 £000	1981 £000	1982 £000	1983 £000	1984 £000
Directors' emoluments	24	49	48	62	86
Hire of plant and equipment	97	224	295	583	389
Leasing charges	116	156	248	382	654
Auditors' remuneration	10	11	15	15	21
Group pension costs	30	35	42	62	64

d) Taxation

The analysis of the tax charge is as follows:—

	Year ended 31st December, 1980 £000	1981 £000	1982 £000	1983 £000	1984 £000
Overseas taxation	4	2	—	—	—

In relation to the year ended 31st December, 1984 advance corporation tax of £119,000 in respect of a dividend paid and payable by Wold Farm Foods to its *preference shareholders* is shown in the Group profit and loss account as part of the preference dividend payable by a subsidiary company. This is available to be carried forward and set off against future corporation tax liabilities of Wold Farm Foods.

Tax losses in subsidiary companies at 31st December, 1984, which are expected to be available against future profits, amount to approximately £6.6 million and exceed timing differences by £2.5 million. Approximately £5.7 million of the total tax losses are expected to be available for carry forward against the taxable profits of Wold Farm Foods without time limit.

The balances of losses arising from stock relief claimed, may be relieved against the taxable profits of Wold Farm Foods provided those losses arising are utilised by the following periods:—

	£000
31st December, 1986	176
31st December, 1987	40
31st December, 1988	186
31st December, 1989	479
	881

e) Earnings per share

Earnings per share have been calculated throughout on 416,602 called up shares in issue at 31st December, 1984 and on the profits/(losses) of each period after taxation, preference dividends and minority interests.

f) Tangible fixed assets

Tangible fixed assets at 31st December, 1984 comprised:—

	Land and buildings £000	*Plant and machinery* £000	*Total* £000
Cost or valuation	4,866	5,322	10,188
Accumulated depreciation	879	1,991	2,870
Net book value	3,987	3,331	7,318

The land and buildings were revalued in June, 1979 by Messrs. Dickinson, Davy & Markham, Chartered Surveyors, at an existing use value of £3,926,000. Subsequent additions of £940,000 are stated at cost. Freehold land not depreciated amounted to £1,555,000 as at 31st December, 1984.

At 31st December, 1984 the Group had capital commitments as follows:—

	£000
Contracted but not *provided*	249
Authorised but not contracted	231

g) Investments

Investments of the Group and the Company as at 31st December, 1984 represent:

	the Group £000	*the Company* £000
Investment in subsidiary companies	—	219
Investment in related company	57	—

The investment in the related company represents a holding of 24.99 per cent. of the issued share capital of Midleton Food Products Limited, a company registered in the Republic of Ireland, and is stated at cost

h) Stocks.

	31st December, 1984 £000
Raw materials and consumables	9,349
Finished goods	2,210
Total	11,559
Comprising:—	
Frozen vegetable produce	9,856
Other stocks	1,703
Total	11,559

i) Debtors

	31st December, 1984 £000
Trade debtors	1,719
Prepayments	586
Other debtors	24
	2,329

j) Creditors due within one year

	the Group 31st December, 1984 £000	*the Company* 31st December, 1984 £000
Bank overdraft	2,838	—
Current instalments due on bank loans and hire purchase	632	—
Trade creditors	5,390	—
Amounts due to subsidiaries	—	18
Accruals and other creditors	202	1
Other taxes and social security	21	—
	9,083	19

The bank overdraft is secured by a fixed and floating charge on the assets of the Group and by cross guarantees given by Group companies.

k) Creditors due after more than one year

	31st December, 1984 £000
Bank loans and acceptances	2,370
Stock availability deposits from customers	500
Hire purchase	476
	3,346
Repayable by instalments as follows:—	
Between 1 and 2 years	550
Between 2 to 5 years	1,456
After 5 years	840
Stock availability deposits repayable in 1987	500
	3,346

Bank loans and acceptances are secured by a fixed and floating charge on the assets of the Group and by cross guarantees given by Group companies. Stock availability deposits represent monies deposited with the Group to secure the availability of stock.

l) Called up share capital

	Authorised Number	£	*Allotted, called up and fully paid* Number	£
Ordinary shares of 20p each	84,244	16,849	84,244	16,849
"A" ordinary shares of 20p each	75,054	15,011	62,169	12,434
Redeemable ordinary shares of 20p each	131,358	26,272	131,358	26,272
"A" redeemable ordinary shares of 20p each	151,716	30,343	138,831	27,766
	442,372	88,475	416,602	83,321

The called up share capital of the Company was issued on 6th December, 1983 to the then existing shareholders of Wold Farms Foods and the institutional shareholders.

Movements in the called up share capital of Wold Farm Foods since 1st January, 1980 are detailed below:—

	Ordinary shares of £25 each Number	£000	*Ordinary shares of £1 each* Number	£000
31st December, 1980	27,144	679	—	—
Issued 15th January, 1981	7,558	189	—	—
	34,702	868	—	—
2nd May, 1982				
Conversion to £1 ordinary shares	(34,702)	(868)	867,550	868
7th June, 1982 rights issue	—	—	500,038	500
Issued 7th June, 1982	—	—	151,246	151
Issued 31st December, 1982	—	—	1,518,834	1,519

On 6th December, 1983 the Company acquired the issued share capital of Wold Farm Foods, in exchange for the issue to the shareholders of Wold Farm Foods of shares in Wold PLC.

m) Movements in reserves

Movements in reserves during the period under review were as follows:—

	Year ended 31st December, 1980 £000	1981 £000	1982 £000	1983 £000	1984 £000
Retained profits/(losses)	(1,262)	271	207	808	1,076
Other movements	—	—	—	(20)	—
Reserve arising on restructuring	—	—	—	2,056	—
Goodwill arising on acquisition	—	—	—	—	(116)
Exchange movements	—	(17)	4	12	(28)
Movement	(1,262)	254	211	2,856	932
Opening balance	2,847	1,585	1,839	2,050	4,906
Closing balance	1,585	1,839	2,050	4,906	5,838
Revaluation reserves	1,643	1,623	1,596	1,590	1,572
Other reserves	—	—	—	2,106	2,200
Profit and loss account	(58)	216	454	1,210	2,066
	1,585	1,839	2,050	4,906	5,838

n) Minority interest

The minority interest represents 2,799,000 cumulative redeemable preference shares of £1 each in the capital of Wold Farm Foods. The holders of the preference shares are not entitled to participate in the profits of Wold Farm Foods other than to receive a cumulative preferential dividend. Dividends are currently payable at the rate of 14.3 per cent. per annum, inclusive of advance corporation tax, and are payable half yearly on 31st March and 30th September.

o) Deferred taxation

The potential amounts of deferred taxation not provided for in the financial statements, at the rate of 35 per cent., are as follows:—

	31st December, 1984 £000
Capital allowances in excess of depreciation	1,416
Unutilised losses	(1,416)
	—

In addition, taxation payable of £493,000 would arise on disposal of freehold properties if sold at the revalued amounts at which they are included in the financial statements.

p) Contingent liability

At 31st December, 1984 bills of exchange amounting to £930,000 had been discounted by subsidiaries.

q) Leasing commitments

At 31st December, 1984 the Group was committed to the following payments under leasing agreements:—

	£000
Year ending 31st December, 1985	658
1986	612
1987	480
1988	376
1989 and thereafter	94
	2,220

Subsequent events

15. On 28th March, 1985, Wold PLC acquired the whole of the issued share capital of M & P. The purchase price of £900,000 was satisfied by the issue to the vendors *of convertible unsecured loan notes having an equivalent face value.*

Immediately prior to this transaction, M & P purchased freehold and leasehold properties, together with moveable plant and equipment, previously rented from *a fellow subsidiary of the group of which it was then a member*, for a consideration of £300,000.

On 7th March, 1985 the authorised share capital of the Company was increased to £338,475 by the creation of 1,250,000 ordinary shares of 20p each.

On 17th May, 1985, conditionally upon permission to deal in the ordinary share capital of the Company in the Unlisted Securities Market being granted by the Council of The Stock Exchange, the following transactions were effected:

(a) certain of the existing redeemable ordinary shares of 20p and the "A" redeemable ordinary shares of 20p each were redeemed for a consideration of £1 per share;

(b) Barclays Merchant Bank Limited was allotted 352,689 Ordinary Shares of 5p each;

(c) all the redeemable ordinary shares of 20p, "A" ordinary shares of 20p each and "A" redeemable ordinary shares of 20p each were each converted and subdivided into Ordinary Shares of 5p each;

(d) the Company acquired the preference capital of Wold Farm Foods in exchange for the issue to the holders of those preference shares of a number of Ordinary *Shares of 5p having a value, at the offer for sale price, of £2,799,000;* and

(e) the holders of the loan notes, in accordance with the conversion terms thereof, were allotted a number of Ordinary Shares of 5p each having a market value, at *the offer for sale price of £900,000.*

Group current cost profit and loss accounts

16. Current cost profit and loss accounts of the Group for the five years ended 31st December, 1984 are set out below:—

	Note	Year ended 31st December, 1980 £000	1981 £000	1982 £000	1983 £000	1984 £000
Turnover		11,089	13,179	13,030	19,267	26,044
Historical cost operating profit/(loss) before interest		(513)	861	830	1,405	1,944
Current cost operating adjustments	18b	(398)	(293)	(429)	(515)	(540)
Current cost operating profit/(loss)		(911)	568	401	890	1,404
Net interest payable		(743)	(587)	(623)	(597)	(472)
Gearing adjustment		205	161	232	240	224
Current cost profit/(loss) before taxation		(1,449)	142	10	533	1,156
Taxation		(4)	(2)	—	—	—
		(1,453)	140	10	533	1,156
Preference dividend payable by a subsidiary company		—	—	—	—	(396)
Minority interests		(2)	(1)	—	—	—
Current cost retained profit/(loss)		(1,455)	139	10	533	760

Group current cost balance sheet

17. The current cost balance sheet of the Group as at 31st December, 1984 is set out below:—

	Notes	31st December, 1984 £000
Fixed assets		
Tangible assets	18c	7,735
Investments		57
		7,792
Current assets		
Stocks		11,559
Debtors		2,329
Cash in hand		4
		13,892
Creditors due within one year		(9,083)
Net current assets		4,809
Total assets less current liabilities		12,601
Creditors due after more than one year		(3,346)
		9,255
Capital and reserves		
Called up share capital		83
Share premium account		118
Current cost reserves	18d	1,530
Other reserves		4,725
Shareholders' funds		6,456
Minority interest		2,799
		9,255

Notes

18. (a) Accounting policies

The abridged supplementary current cost financial statements have been prepared in conformity with Statement of Standard Accounting Practice No. 16. The accounting policies used for the historical cost financial statements have been adopted in the current cost financial statements.

Fixed assets

Land and buildings are included at the 1979 valuation plus additions at cost. The Directors are of the opinion that there is no material difference between the book value of land and buildings and their current value.

Factory plant and machinery and agricultural equipment are included on the basis of current replacement cost, calculated by the use of appropriate price indices.

Stocks

Stocks consist principally of seasonal products and as such no cost of sales adjustment has been prepared. Stocks are included in monetary working capital and are stated in the balance sheet at the lower of cost and net realisable value.

Current cost operating profit

The current cost operating profit/(loss) is arrived at by making adjustment to the historic cost profit/(loss) to allow for the effect of specific price changes on the funds needed to maintain the operating capability of the business.

Gearing adjustment

The gearing adjustment abates the current cost operating adjustments by the average proportion of the net assets of the Group financed by external borrowings.

b) Current cost operating adjustments

	Year ended 31st December, 1980 £000	1981 £000	1982 £000	1983 £000	1984 £000
Monetary working capital adjustment	269	143	217	300	336
Depreciation adjustment	129	150	212	215	204
	398	293	429	515	540

c) Tangible fixed assets

	Historic cost £000	Current cost revaluation £000	Current cost £000
Land and buildings	3,987	—	3,987
Plant and machinery	3,331	417	3,748
	7,318	417	7,735

d) Current cost reserves

	£000
At 1st January, 1984	1,241
Current year revaluation deficit	(27)
	1,214
Current cost operating adjustments	540
Gearing adjustment	(224)
At 31st December, 1984	1,530

M & P (ENGINEERING) LIMITED

19. M & P was incorporated on 25th June, 1982. It has a wholly-owned subsidiary, *Hi-Tech Fire and Security Limited ("Hi-Tech") which was acquired on 10th* February, 1984 and which disposed of its business on 19th April, 1984. Group accounts have not been prepared as its directors consider that they would be of no real value to the members.

20. We have examined the audited financial statements of M & P for the two financial years ended 31st July, 1984 and the five months ended 31st December, 1984 and the audited financial statements of Hi-Tech for the period to 30th April, 1984.

21. For the two financial years ended 31st July, 1984 the auditors of M & P were Pannell Kerr Forster, Chartered Accountants. We were appointed joint auditors of M & P on 28th March, 1985, with Streets & Co., Chartered Accountants.

22. No financial statements for submission to the members of M & P have been *made up in respect of any period subsequent to 31st December, 1984.*

23. The information set out in paragraphs 26 to 30 below is based on the audited financial statements of M & P, after making all the adjustments we consider appropriate for the inclusion of our report in the document dated 20th May, 1985 issued by Citicorp International Bank Limited and Phillips & Drew on behalf of the Company. The audited financial statements have been prepared on the basis of the accounting policies set out below. For all the accounting periods dealt with in this report, the audited financial statements have been prepared in accordance with standards approved by the accountancy bodies in the United Kingdom.

24. In our opinion, the information set out in paragraphs 26 to 30 gives, for the purpose of the document, a true and fair view of the profits and source and application of funds of M & P for the two financial years ended 31st July, 1984 and the five months ended 31st December, 1984, and of its state of affairs at the 31st December, 1984.

25. Current cost financial statements have not been prepared for any of the financial periods covered by this report.

Accounting policies

26. The significant accounting policies that have been adopted in arriving at the financial information set out in this report are as follows:—

(a) *Basis of preparation*

The financial statements have been prepared on the historical cost basis.

(b) *Turnover*

Turnover represents the invoiced amount of goods sold to third parties after deduction of value added tax.

(c) *Tangible fixed assets*

Depreciation is provided at rates estimated to write off the cost of the relevant assets by equal amounts over their expected useful lives as follows:—

	Per cent.
Factory plant and machinery	10
Office equipment	10
Motor vehicles	25
Fixtures and fittings	10
Plant and machinery leased to third parties	20

(d) *Stocks and work in progress*

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises the direct cost of production and the attributable proportion of all overheads. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

(e) *Deferred taxation*

Provision for deferred taxation is only made when there is a reasonable probability that a liability will arise in the future.

(f) *Pensions*

Retirement benefits to eligible employees are funded by contributions from M & P to independent funds controlled by trustees.

Profit and loss accounts

27. Profit and loss accounts of M & P for the two financial years ended 31st July, 1984 and the five months ended 31st December, 1984, after making appropriate adjustments to the audited financial statements, are set out below:—

	Notes	Financial year ended 31st July, 1983 £000	31st July, 1984 £000	5 months ended 31st December, 1984 £000
Turnover	30a	1,261	1,440	457
Net operating expenses	30b	(1,046)	(1,332)	(446)
Trading profit	30c	215	108	11
Interest receivable		7	—	—
Dividend receivable		—	—	7
Profit on ordinary activities before taxation		222	108	18
Taxation	30d	(99)	(24)	(9)
Profit on ordinary activities after taxation		123	84	9
Dividends paid	30e	(88)	(26)	—
Retained profit		35	58	9

Balance sheet

28. The balance sheet of M & P at 31st December, 1984 is set out below:—

	Notes	31st December, 1984 £000
Fixed assets		
Tangible assets	30f	148
Current assets		
Stocks and work in progress	30h	139
Debtors	30i	270
Cash at bank and in hand		11
		420
Creditors due within one year	30j	(365)
Net current assets		55
Total assets less current liabilities		203
Provisions for liabilities and charges		
Deferred taxation		(41)
		162
Capital and reserves		
Called up share capital	30k	60
Reserves	30l	102
		162

Source and application of funds statements

29. The source and application of funds statements of M & P for the two financial years ended 31st July, 1984 and the five months ended 31st December, 1984 are set out below:—

	Financial year ended 31st July, 1983 £000	31st July, 1984 £000	5 months ended 31st December, 1984 £000
Sources			
Profit on ordinary activities before taxation	222	108	18
Depreciation	18	38	16
	240	146	34
Disposal of tangible fixed assets	—	3	—
Proceeds from issue of shares	60	—	—
	300	149	34
Applications			
Purchase of tangible fixed assets	147	70	8
Dividends paid	88	26	—
Tax paid	—	38	27
	235	134	35
Investment in working capital			
Increase in stocks and work in progress	93	30	16
Increase/(decrease) in debtors	331	(89)	28
(Increase)/decrease in creditors	(376)	29	7
	283	104	86
Net source/(application) of funds	17	45	(52)
Represented by:—			
Increase/(decrease) in cash at bank and in hand	17	45	(52)
	17	45	(52)

Notes

30. (a) Turnover

M & P's turnover in all accounting periods has resulted wholly from the design, *manufacture and rental of machinery for the filling, packaging and food* processing industry.

b) Net operating expenses

	Financial year ended 31st July, 1983 £000	31st July, 1984 £000	5 months ended 31st December, 1984 £000
Increase in stocks	(93)	(30)	(16)
Raw material purchases	748	824	242
Staff costs	231	308	133
Own work capitalised	(27)	(55)	(7)
Depreciation	18	38	16
Other operating charges	169	247	78
	1,046	1,332	446

c) Trading profit

Trading profit is arrived at after charging:—

	Financial year ended 31st July, 1983 £000	31st July, 1984 £000	5 months ended 31st December, 1984 £000
Directors' emoluments	36	34	8
Auditors' remuneration	4	4	3
Pension costs	19	10	—

d) Taxation

The analysis of the tax charge is as follows:—

	Financial year ended 31st July, 1983 £000	31st July, 1984 £000	5 months ended 31st December, 1984 £000
United Kingdom corporation tax			
current	70	26	12
prior year	—	(17)	—
	70	9	12
Deferred taxation	29	15	(3)
	99	24	9

Full provision for deferred taxation, arising on the excess of tax allowances over depreciation, has been made at rates varying from 35 per cent. to 45 per cent.

e) Dividends

The rates of dividend per share paid by M & P were as follows:—

	Financial year ended 31st July, 1983	31st July, 1984	5 months ended 31st December, 1984
Dividends per share	195.83p	58.33p	—
Dividends paid	£88,125	£26,250	—

Dividends in respect of 15,000 shares were waived in the financial years ended 31st July, 1983 and 31st July, 1984 amounting to £29,375 and £8,750 respectively.

f) Tangible fixed assets

Tangible fixed assets at 31st December, 1984 comprised:—

	Plant and machinery £000
Cost	213
Accumulated depreciation	65
Net book value	148

At 31st December, 1984 M & P had no capital commitments.

g) Investment in subsidiary

	31st December, 1984 £
Investment at cost	2

During the 5 months ended 31st December, 1984 a dividend of £7,400 has been declared by *the subsidiary and is included in debtors.*

h) Stocks and work in progress

	31st December, 1984 £000
Raw materials	46
Work in progress	93
	139

i) Debtors

	31st December, 1984 £000
Trade and other debtors	227
Prepayments	36
Dividends due from subsidiary	7
	270

j) Creditors due within one year

	31st December, 1984 £000
Trade creditors	172
Amounts due to subsidiary	12
Accruals and other creditors	139
Other taxes and social security	16
Corporation tax	26
	365

k) Called up share capital

	Authorised Number	£000	*Allotted, called up and fully paid* Number	£000
Ordinary shares of £1 each	500,000	500	60,000	60

The called up share capital was allotted on the incorporation of M & P on 25th June, 1982.

l) Reserves

	Financial year ended 31st July, 1983 £000	31st July, 1984 £000	5 months ended 31st December, 1984 £000
Retained profits	35	58	9
Opening balance	—	35	93
Closing balance	35	93	102

Yours faithfully,

DELOITTE HASKINS & SELLS

Chartered Accountants

Pro Forma Balance Sheet

The balance sheets of the Group and M & P as at 31st December, 1984 (as included in the Accountants' Report above) combined on a pro forma basis, are set out below after making the following adjustments:—

(a) the acquisition on 28th March, 1985 of M & P by the Company in exchange for the issue of £900,000 convertible unsecured loan notes of Wold PLC which were converted into 947,368 Ordinary Shares at the offer for sale price;

(b) the capital reconstruction of the Company, as described in paragraph 1(g) of "Statutory and General Information"; and

(c) receipt by the Company of the net proceeds of £3.02 million from the subscription for new shares under the offer for sale.

	31st December, 1984 £000
Fixed assets	
Tangible assets	7,466
Investments	57
	7,523
Current assets	
Stocks	11,698
Debtors	2,599
Cash at bank and in hand	196
	14,493
Creditors due within one year	(6,610)
Net current assets	7,883
Total assets less current liabilities	15,406
Creditors due after more than one year	(3,346)
Provision for liabilities and charges	(41)
	12,019
Capital and reserves	
Called up share capital	1,079
Share premium account	5,935
Other reserves	5,005
	12,019

WOLD PLC (continued)

Statutory and General Information

[[COL1]]

incorporation was Eliteweb Limited and its name was changed to Edwards & Walkden Limited on 3rd July, 1984. By a Special Resolution passed on 31st December, 1984 the authorised share capital was increased to £100,000 divided into 100,000 shares of £1 each and on 31st December, 1984, 1,998 shares of £1 each were allotted at par.

Wold Technical Services

Wold Technical Services was incorporated on 16th July, 1984 as a private company under the Companies Acts 1948 to 1981 with the registered number 1832859 and with an authorised share capital of £100 divided into 100 shares of £1 each of which 2 were issued and fully paid. By a Special Resolution passed on 31st December, 1984 the authorised share capital was increased to £100,000 divided into 100,000 shares of £1 each and on 31st December, 1984, 1,998 shares of £1 each were allotted at par.

M & P

M & P was incorporated on 25th June, 1982 as a private company under the Companies Acts 1948 to 1981 with registered number 1646717 and with an authorised share capital of £500,000 divided into 500,000 ordinary shares of £1 each. By 31st March, 1983, 60,000 ordinary shares of £1 each had been issued.

Hi-Tech Fire & Security Limited

Hi-Tech Fire & Security Limited (a wholly owned subsidiary of M & P) was incorporated on 16th November, 1983 as a private company under the Companies Acts 1948 to 1981 with the registered number 1770600 and with an authorised share capital of £100 divided into 100 ordinary shares of £1 each of which 2 have been issued and are fully paid.

General

(a) Save as disclosed in this paragraph 1, in the two years immediately preceding the date of this document no share or loan capital of the Company or any subsidiary has been issued (for cash or other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company or any subsidiary in connection with the issue or sale of any such capital.

(b) Save as disclosed in this paragraph 1 and in paragraph 4, no share or loan capital of the Company or any subsidiary is proposed to be issued or is under option or is agreed to be put under option.

(c) No material issue of shares (other than to shareholders pro-rata to their shareholdings) will be made by the Company within one year of the date of this document without the prior approval of the Company in General Meeting.

(d) Following the offer for sale 8,421,053 Ordinary Shares will remain unissued of which 1,078,947 are reserved under the Scheme. Save for the reserved shares and pursuant to the offer for sale, no issue of shares will be made by the Company which will effectively alter its control or the nature of its business without the prior approval of the Company in General Meeting.

2. Offer for sale arrangements

(a) By an agreement ("the Offer for Sale Agreement") entered into on 17th May, 1985, Citicorp International Bank Limited and Phillips & Drew have agreed, conditionally on the Council of The Stock Exchange granting permission on or before 31st May, 1985 to deal in the Ordinary Shares in the Unlisted Securities Market, to purchase or procure purchasers for a total of 1,468,412 Ordinary Shares at 95p per share and to subscribe or procure subscribers for a total of 3,794,746 Ordinary Shares at 95p per share making an aggregate of 5,263,158 Ordinary Shares at a total purchase and subscription consideration of £5 million and to arrange to offer for sale the same number of Ordinary Shares at 95p per share.

(b) The vendors under the Offer for Sale Agreement are as listed below and have agreed to sell the number of Ordinary Shares set out opposite their respective names.

	No. of Ordinary Shares
W. R. Brown (Farms) Limited	20,000
S. H. Brown (Farms) Limited	23,157
H. R Buckley	48,421
E. D. Bush	26,315
D. Clough	26,315
C. J. M. Cottingham	91,578
D. A. S. Duffield	32,631
J. How	25,263
F. C. Lyon	43,157
R. Newton	47,368
Sasquatch Investment Holdings Limited	105,263
K. Schrevel	35,789
J. B. Strawson	48,421
	573,678
Barclays Merchant Bank Limited	105,263
CIN	263,157
Citicorp	263,157
The Prudential	263,157
Total	1,468,412

(c) The Offer for Sale Agreement provides for the Company to pay the expenses of and incidental to obtaining permission to deal in the Ordinary Shares in the Unlisted Securities Market (including the capital duty on the Ordinary Shares being subscribed, the cost of printing, advertising and distributing this document, all accountancy expenses, and the legal expenses of the Company, Citicorp International Bank Limited and Phillips & Drew) and fees to Citicorp International Bank Limited and Phillips & Drew. The total expenses payable by the Company in connection with the offer for sale, including the fees to Citicorp International Bank Limited and Phillips & Drew, are estimated to amount to £420,000 plus V.A.T.

(d) The Company and the vendors under the offer for sale agreement (other than Barclays Merchant Bank Limited, Citicorp, CIN, The Prudential, Derek Clough and Sasquatch Investment Holdings Limited) have given certain general warranties and indemnities to Citicorp International Bank Limited and Phillips & Drew and the vendors (save as aforesaid) have also given an indemnity to the Company, Citicorp International Bank Limited and Phillips & Drew regarding taxation (including capital transfer taxation and estate duty). Derek Clough and Sasquatch Investment Holdings Limited have given certain general warranties and indemnities concerning M & P to Citicorp International Bank Limited and Phillips & Drew. All present shareholders, other than Barclays Merchant Bank Limited, CIN and The Prudential have undertaken and Barclays Merchant Bank Limited, CIN and The Prudential have expressed their intentions, not to sell any of the Ordinary Shares retained by them following the offer for sale before 31st May, 1986 without the prior written consent (such consent not to be unreasonably withheld) of Citicorp International Bank Limited and Phillips & Drew or, in the cases of Barclays Merchant Bank Limited, CIN and The Prudential, without prior consultation with, Citicorp International Bank Limited, Phillips & Drew and the Company. In addition all the Directors have given warranties to Citicorp International Bank Limited and Phillips & Drew concerning the accuracy of the information in this document. Under the Offer for Sale Agreement, Citicorp International Bank Limited will pay commission to sub-underwriters of 1¼ per cent. of the offer for sale price.

3. Directors and other interests

(a) (i) The beneficial interests of the Directors in the Ordinary Shares at present are and immediately following the offer for sale will be:—

	At present No. of Ordinary Shares	(%)	Following the offer for sale No. of Ordinary Shares	(%)
P. D. Silvester	—	—	—	—
A. L. Coney	40,387	0.19	40,387	0.19
R. Newton	419,791	1.95	372,423	1.73
C. J. M. Cottingham	489,142	2.27	397,564	1.84
D. Cramb	—	—	—	—
D. A. S. Duffield	303,937	1.41	271,306	1.26
N. Jackson	16,010	0.07	16,010	0.07
F. C. Lyon	400,632	1.86	357,475	1.66
I. Wheeler	—	—	—	—

(ii) In addition to the above beneficial interests, the following Directors have interests in companies which both now have and will after the offer for sale have the following holdings in the Company:—

Director	Company	No. of Ordinary Shares	(%)
A. L. Coney	Alec Coney (Farms) Limited	174,231	0.81
C. J. M. Cottingham	C. J. M. Cottingham Limited	244,661	1.13
C. J. M. Cottingham	R. M. Cottingham Limited	370,769	1.72
N. Jackson	N. Jackson (Farmers) Limited	216,686	1.00
N. Jackson	N. Jackson (Flixborough) Limited	204,453	0.95
J. Jackson	J. Jackson Limited	352,509	1.63

(b) The interests of holders of more than five per cent. of the Ordinary Shares (other than as set out in sub-paragraph (a) above) at present are and immediately following the offer for sale will be:—

	At present No. of Ordinary Shares	(%)	Following the offer for sale No. of Ordinary Shares	(%)
Citicorp	2,822,729	13.08	2,559,572	11.86
CIN	2,915,107	13.51	2,651,950	12.29
The Prudential	2,915,107	13.51	2,651,950	12.29

(c) Apart from the shareholdings specified in sub-paragraphs (a) and (b) above the Directors are not aware of any other shareholding which, after completion of the offer for sale, is expected to amount to five per cent. or more of the Company's issued share capital.

(d) The aggregate emoluments of the Directors in respect of the financial year of the Company ended 31st December, 1984 were £84,000. The aggregate emoluments of the Directors in respect of the financial year of the Company ending 31st December, 1985 are estimated, under the arrangements in force at the date of this document, to be approximately £125,000.

(e) (i) C. J. M. Cottingham Limited (of which Mr. C. J. M. Cottingham is a shareholder and director) is the landlord of the site at Swinhope leased by the Company and referred to in paragraph 7(h) below;

(ii) Save as mentioned in sub-paragraph (i) above and other than in respect of the acquisition of the whole of the issued share capital of Wold Farm Foods, none of the Directors has, or has had, any direct or indirect interest in any assets which during the two years immediately preceding the date of this document have been acquired or disposed of by or leased to the Group or M & P or are proposed to be acquired or disposed of by or leased to the Group or M & P.

(f) (i) C. J. M. Cottingham Limited (of which Mr. C. J. M. Cottingham is a shareholder and director), and New Leake Traders (Peas) Limited (of which Mr. A. L. Coney is a shareholder and director) and Mr. Norman Jackson (on behalf of Norman Jackson (Farmers) Limited) each entered into written agreements with Wold Farm Foods on 7th March, 1983 whereunder they are to supply to Wold Farm Foods the total annual crops of peas grown on the respective acreages of land specified in those agreements at prices no more favourable than those payable to other suppliers. The agreements are terminable by either party on the 31st December in any year on the expiration of not less than one year's prior written notice. Alec Coney (Farms) Limited (of which Mr. A. L. Coney is a shareholder and director) has in the last two years supplied vegetable produce to the Group at prices no more favourable than those payable to other suppliers. The amounts received under these arrangements by C. J. M. Cottingham Limited, Alec Coney (Farms) Limited, New Leake Traders (Peas) Limited and Norman Jackson (Farmers) Limited in 1983 respectively were £124,000, £224,000, £586,000, and £113,000 and in 1984 were, £202,000, £229,000, £544,000, and £195,000.

(ii) Other than in respect of the contracts referred to in sub paragraph (i) above, none of the Directors has any direct or indirect interest in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Group and M & P.

4. The Wold PLC Share Option Scheme

On 7th March, 1985 the Company adopted the Scheme under which options to subscribe for Ordinary Shares have so far been granted over a total of 188,888 Ordinary Shares to employees at a subscription price of 50p per share. Within this total are options over 100,000 Ordinary Shares granted to Ian Wheeler. No options have yet been exercised.

Particulars of the Scheme (the terms of which are set out in full in its rules) are as follows:—

(a) Eligibility to participate is limited at the discretion of the Directors to full time employees of the Group and M & P (who work twenty hours a week or more excluding meal breaks) and full time directors of the Group and M & P (who work twenty five hours a week or more excluding meal breaks).

(b) The Scheme will not permit anyone who has or has had within the preceding twelve months control over more than ten per cent of the shares of the Company to be granted or to exercise options. The value of shares over which options may be granted to an individual may not exceed four times annual salary.

(c) The price at which shares under the Scheme may be acquired will be market value, as agreed with the Inland Revenue for the purposes of the Scheme, or nominal value, whichever is the greater.

(d) Options may normally be exercised only between three years and ten years after their grant.

(e) Options are not transferable.

(f) No options may be granted:—

(i) Other than during the period of twenty-one days immediately following the publication of the Company's annual results or half year results save that, in the first year of the Scheme, options can be granted within twenty-one days of the date of the adoption of the Scheme; or

(ii) To any individual who is within two years of normal retirement age.

(g) The maximum number of Ordinary Shares which may be issued under the Scheme cannot exceed five per cent. of the issued Ordinary Shares of the Company from time to time at present being 1,078,947 Ordinary Shares. Options may not be granted in respect of more than two per cent. of the Company's issued ordinary share capital in any twelve month period commencing on the date of the adoption of the Scheme or any anniversary thereof.

(h) The consideration payable for the grant of each option shall be the sum of £1.

(i) If a participant ceases to be an employee, any option which may previously have been granted to him which remains unexercised will, unless the Directors otherwise decide, immediately lapse save that in the event of death the option may be exercised within one year by the executors of the participant.

(j) If notice is given of a resolution for the voluntary winding up of the Company, a participant will normally be able to exercise his options.

(k) Ordinary Shares issued on the exercise of an option rank in full for all dividends declared or paid on the ordinary share capital of the Company after the date on which the Ordinary Shares are issued (other than a dividend payable to the holders of Ordinary Shares on the register before that date) and in all other respects rank *pari passu* with other Ordinary Shares then in issue.

(l) The Scheme contains provisions for the total number of Ordinary Shares available for options, the number of Ordinary Shares comprised in an option and the subscription price payable for each Ordinary Share to be adjusted in the event of certain variations in the ordinary share capital of the Company.

(m) The Scheme may be altered by the Directors, but certain material provisions including the basis of calculation of the subscription price, the maximum number of Ordinary Shares available under the Scheme, the maximum number of options that may be granted to any participant, the period of grant of options and the period of exercise of options may not be altered without the prior approval of the Company in General Meeting. The Directors have been specifically sanctioned by the Company in General Meeting to make any alteration which is necessary or desirable in order to obtain the approval of the Scheme by the Inland Revenue pursuant to the Finance Act 1984. In any event, no amendment may be made to the Scheme without the consent of the Inland Revenue.

(n) The life of the Scheme will be ten years.

5. Service contracts

(a) Service contract dated 17th May, 1985 between the Company and Roger Newton by which Roger Newton agreed to serve the Company as Managing Director for a period of three years commencing on 1st April, 1985 at a salary (reviewable annually) of £40,000 inclusive of Directors' fees. The appointment is automatically renewable for further periods of three years from each third anniversary of its commencement unless prior written notice (three years if given by the Company and one year if given by Roger Newton) of termination is given expiring on any such third anniversary.

(b) Service contract dated 17th May, 1985 between the Company and Dennis Duffield by which Dennis Duffield agreed to serve the Company as Commercial Director for a period of three years commencing on 1st April, 1985 at a salary (reviewable annually) of £20,000 inclusive of Directors' fees. The appointment is automatically renewable for further periods of three years from each third anniversary of its commencement unless prior written notice (three years if given by the Company and one year if given by Dennis Duffield) of termination is given expiring on any such third anniversary.

(c) Service contract dated 17th May, 1985 between the Company and Fraser Lyon by which Fraser Lyon agreed to serve the Company as Operations Director for a period of three years commencing on 1st April, 1985 at a salary (reviewable annually) of £29,000 inclusive of Directors' fees. The appointment is automatically renewable for further periods of three years from each third anniversary of its commencement unless prior written notice (three years if given by the Company and one year if given by Fraser Lyon) of termination is given expiring on any such third anniversary.

(d) Service contract dated 17th May, 1985 between the Company and Ian Wheeler by which Ian Wheeler agreed to serve the Company as Finance Director, for a period of three years commencing on 1st April, 1985 at a salary (reviewable annually) of £24,000 inclusive of Directors' fees. The appointment is automatically renewable for futher periods of three years from each third anniversary of its commencement unless prior written notice (three years if given by the Company and one year if given by Ian Wheeler) of termination is given expiring on any such third anniversary.

(e) Service contract dated 13th May, 1985 between M & P and Derek Clough by which Derek Clough agreed to serve M & P as Managing Director for a period of three years commencing on 28th March, 1985 at a salary, (reviewable annually) of £25,000 inclusive of Directors' fees. The appointment is terminable by twelve months notice given by either party to expire on or after the said three year period.

(f) Save as aforesaid there are no service agreements in existence between any directors and any group company which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

6. Subsidiary companies

The following are the subsidiaries of the Company at the date of this document. All are private companies incorporated in England and are wholly owned.

Name and number	Issued and fully paid share capital	Date of incorporation	Principal activity
Wold Farm Foods (No. 882677)	4,333,023 ordinary shares of £1 each	1st July, 1966	Production and freezing of vegetables for retail and wholesale distribution
Wold Europe (No. 1037240)	1,000 ordinary shares of £1 each	6th January, 1972	Import and export of frozen produce
Edwards & Walkden (No. 1820243)	2,000 Shares of £1 each	30th May, 1984	Wholesale and catering distribution of frozen produce
Wold Technical Services (No. 1832859)	2,000 Shares of £1 each	16th July, 1984	Food processing and consultancy services
M & P (No. 1646717)	60,000 ordinary shares of £1 each	25th August, 1982	Food processing machinery manufacturer
Hi-Tech Fire & Security Limited (No. 1770600)	2 ordinary shares of £1 each	16th November, 1983	Dormant

7. Premises

The Group operates from the following premises:—

FREEHOLD:

(a) Head office and vegetable freezing and packing unit in Birchin Way, Grimsby, owned by Wold Farm Foods.

(b) 5,600 square feet, factory and offices at Lansdowne Road, Chadderton, Greater Manchester owned by M & P.

(c) Approximately 900 square feet of land at Manchester Street, Heywood, Greater Manchester, owned by M & P, and adjoining the leasehold property referred to in sub-paragraph (i) below.

LEASEHOLD:

(d) Units 1 to 4 Birchin Way, Grimsby. The lease is vested in Wold Farm Foods and the original term of 21 years expires on 28th September, 2002. The current rent is £10,000 per annum to be reviewed again in an upwards direction only on 29th September, 1987 and at three yearly intervals thereafter. Wold Farm Foods is responsible for the insurance premiums and there is provision for a service charge in respect of common parts and facilities. The lease is on a full repairing basis.

(e) The pea vining station at Thoresway, Near Caistor, Lincoln occupying a site with a total area of 1.085 acres. The lease is vested in Wold Farm Foods. The current rent is £300 per annum and there is no provision for further review before the lease expires on 5th April, 1986. The lease is on a full repairing basis.

(f) Ground floor room at Eendrachtsweg 68, Rotterdam, Netherlands. The lease is vested in Wold Europe and continues until terminated by six months' notice by either party. The current rent is £1,925 per annum.

(g) Edwards & Walkden occupy the 3rd and 4th floors of 56/58 and 60 St. John Street, West Smithfield, London, EC1 under the terms of a licence agreement dated 2nd July, 1984 and made between (1) Edwards & Walkden Limited (now known as Home Grown Produce Trading Limited,) and (2) Eliteweb Limited (now known as Edwards & Walkden). The licence agreement is terminable, on six months' notice. The rental payable under the licence is 66.67 per cent of the total rent and outgoings payable by the lessee of the 3rd, 4th and 5th floors of the building.

(h) Workshop premises at Swinhope, South Humberside occupied by Wold Farm Foods under the terms of a letter of agreement between Wold Farm Foods and C. J. M. Cottingham Limited dated 1st December, 1981 for a term of five years at an annual rental (inclusive of electricity and telephone charges) of £15,000 per annum. The rental is subject to annual review on 1st July in each year. The Directors believe that this is a fair market rent.

(i) 12,500 square feet, factory and office at Bradshaw Street, Heywood, Greater Manchester. The lease is vested in M & P and is for a term of 999 years from 20th April, 1858 at an annual rental of £7.76.

8. Articles of Association

The Articles of Association of the Company contain, *inter alia*, provisions to the following effect:—

Votes of members

Subject to disenfranchisement in the event of non-compliance with a statutory notice requiring disclosure as to beneficial ownership, and subject to any special

[[COL4]]

APPOINTMENTS

New chief for Dreamland

Mr Richard S. N. Barker is the new chief executive of electric blanket makers DREAMLAND ELECTRICAL APPLIANCES following the departure of Mr Chris Kraushar. Mr Barker has an extensive background in marketing and manufacturing and spent many years as managing director at Bardic Systems—later to become Chloride Standby.

★

Mr Michael J. Sissons is to become assistant general manager (personnel) at GUARDIAN ROYAL EXCHANGE ASSURANCE from July. He became GRE's senior personnel manager last year.

★

Mr E. H. Potter has been appointed chairman, and Mr L. W. Adams managing director of DIESPEKER CONCRETE CO. Mr N. R. Freeborn has been appointed a director. The company is a member of the Higgs and Hill Group.

★

Sir Graham Wilkins, president of the Advertising Association and ex-chairman of the Beecham Group, has been elected chairman of the INTERNATIONAL CHAMBER OF COMMERCE (UNITED KINGDOM). He succeeded Sir Peter Macadam who is retiring after seven years in office. The new deputy chairman is Mr Peter Graham, deputy chairman of the Standard Chartered Bank. Mr A. G. Tritton and Mr W. K. Gardener were elected honorary treasurers.

★

Mr Keith Moss, managing director of G. Cartwright, has been elected president of the GUILD OF ARCHITECTURAL IRONMONGERS.

★

ERNST AND WHINNEY has admitted the following into the partnership in the Middle East from July 1: Mr Abdul-Hakim Al-Adhamy, Bahrain; Mr Faiq J. Anayt, Jeddah; Mr M. Hilal M. Asmar, Riyadh; Mr Jonathan G. Bomford, Jeddah; and Mr Eric R. M. Tarleton, Kuwait.

★

Appointed chief executive of the INSTITUTION OF INDUSTRIAL MANAGERS is Mr Peter Crooks, who will take up his appointment in the early autumn. He served as a Brigadier in the Royal Electrical and Mechanical Engineers.

★

At the annual meetings of the British Rubber Manufacturers' Association (BRMA) and the British Rubber Industry Training Organisation (BRITO) Mr Angus Graham was elected president of both bodies. He is managing director of MacLellan Rubber.

★

Mr Peter Bolger, formerly with Powell Duffryn Timber, has been appointed commercial director of GUILDWAY.

★

The SOCIETY OF COMPANY AND COMMERCIAL ACCOUNTANTS has elected as president Mr Hopkin Rich; and as vice-president Mr Raymond Keith Morris.

★

CAVERSWALL CHINA CO has appointed Mr Graham Hart as its new managing director. A great, great grandson of Thomas Goode, founder of the Thomas Goode & Co, shop in Mayfair, Mr Hart has been a main board director of Thomas Goode's for the past four years.

★

Mr David M. Goode has been appointed chief executive of BCL, Courtaulds Group international packaging company. The BCL Group comprises — BCL Cellophane, BCL Shorko Films, BCL Plastic Films and BCL's Converter units. Mr Goode (from Shorko Films) succeeds Mr Ray Ashworth who retired at the end of March.

★

Mr Gerry Stevenson has been appointed personnel director at DUN & BRADSTREET. He joins from International Thomson Publishing where he was personnel director.

★

Mr John D. Chadwick, a director of PA Consulting Group and director and a governor of Sundridge Park Management Centre, has been elected president of the INSTITUTE OF MANAGEMENT CONSULTANTS for 1985-86. He succeeds Mr John B. Morris. Mr Hedley S. Thomas, Urwick Group — Price Waterhouse Urwick, has been elected senior vice president. Mr Denis K. Tindley, Deloitte Haskins & Sells, has become vice president. He is also the Institute's honorary treasurer.

★

SKETCHLEY has appointed Mr Simon Bee managing director of its UK retail cleaning division. Mr Bee joins from Thorn EMI where he was managing director of Radio Rental Contracts, REW and Radio Rentals Vodafone.

★

VALUE ADDED MEDICAL PRODUCTS has appointed Mr Ian Collins as marketing director, and Mr Robert Ashby and Mr John Siebert as non-executive directors.

CONTRACTS

Hertz orders £5m Ford cars

Hertz Europe has signed a £5m contract for 500 FORD Granadas for use in its European daily rental fleet. Worldwide, Hertz is the largest user of Ford cars and trucks, operating a fleet of over 150,000. In the European division, where the value of Hertz annual purchases from Ford exceeds £100m, the company operates a total fleet of 70,000 vehicles of which more than 20,000 are supplied by Ford.

★

VIC HALLAM has a contract worth £747,000 for building an extension to the terminal building at Stansted Airport, Essex. The company will manufacture a total of 1,800 sq metres of Derwent System accommodation for a check-in hall, staff and public toilets. Work will be finished on July 1.

★

Over 15 City of London banks and brokers and also the Baltic International Freight Futures Ring (BIFFEX), have ordered the VK6000 distributed control dealerboard from V BAND, Barking. These contracts, valued at £2.5m have all been won during a brief period just before and immediately after V BAND was granted Department of Trade and Industry Interim Approval for its dealerboard this February. Banks and brokers acquiring the VK6000 include Banque Bruxelles Lambert; Morgan Guaranty Trust; Paine Webber; Purcell Graham; Nomura International; and Harris and Dixon.

★

GRASS CONCRETE INTERNATIONAL has secured a contract involving its Grasscrete external surfacing system for 21,000 sq metres of river embankment stabilisation work in Hong Kong. The contract, worth some £620,000, was placed through the company's licensee in Hong Kong, Green Island Cement Co. Grasscrete will be used on the new town development at Tai Po.

★

A £5m contract to build a leisure centre at Waterloo Lane, Chelmsford, has been awarded to JOHN MOWLEM & CO by Chelmsford Borough Council. The project incorporates an ice rink and sports hall at first floor level with car parking below, squash courts, sauna, solarium, jacuzzi, ancillary works and services. Mowlem will also be undertaking alteration and refurbishment works to the existing indoor swimming pool facilities, together with construction of an outdoor pool. Work on the two-storey steel-framed structure, which has a barrel-vaulted roof and structural cladding, has started for completion during October 1986.

★

The building contract for Glasgow's first flexible use City Centre Business Park has been awarded by DCI (Holdings) to MELVILLE DUNDAS & WHITSON. The contract is worth over £5m. The total investment value of the 130,000 sq ft development is over £9m. The development on the city centre side of the M8 motorway at Port Dundas is just north of Buchanan Street and within five minutes walk of George Square. DCI has cleared the site which formerly belonged to Scottish & Newcastle Breweries and the business park, ready for occupation by the end of this year, will include parking for 130 cars. The design allows tenants to occupy the space they require for combined or individual workshop, showroom, office, service or studio use.

★

ALLAN H. WILLIAMS has been awarded a £112,000 contract to supply windows and curtain walling for the new Sevenoaks District Council Offices in Kent. This design-build project is being carried out by James Longley & Co. Another contract awarded to Allan H. Williams is for windows and curtain walling around the courtyard of seven-storey offices designed by T. P. Bennett & Son for a corner site at 20, Finsbury Circus, central London. Norwich Union Life Insurance Society is the client. The glazing contract is worth £349,000.

★

As part of a major cable laying programme for Public Utilities in Singapore, HENRY BOOTS INTERNATIONAL has been awarded a £3.5m civil works by Pirelli General Work on the two-year contract is to start in June, and will involve excavation, cable laying and reinstatement over 15 routes with a total length of 41 km.

★

A £5m contract has been awarded to TAYLOR WOODROW CONSTRUCTION (NORTHERN), Darlington, for design and construction of a superstore in Hull for Tesco Stores. Work has started on the site in Beverley Road for completion in spring 1986. The contract calls for a 55,000 sq ft structure including a sales area of 30,000 sq ft. Other facilities include a storage area, preparation rooms, a bakery, staff rooms and plant rooms. External works involve parking for 570 cars, a service yard, paving, drainage and landscaping.

WOLD PLC (continued)

(g) Transfer dated 28th March, 1985 between (1) M & P Properties Limited and (2) M & P whereby the freehold factory premises at Lansdowne Road, Chadderton were acquired by M & P for a cash purchase price of £70,000.

(h) Transfer dated 28th March, 1985 between (1) M & P Properties Limited and (2) M & P whereby the freehold premises at Manchester Street, Heywood, and the leasehold premises at Bradshaw Street, Heywood, were acquired by M & P for a cash purchase price of £120,000.

(i) The acquisition for £110,000 by M & P from M & P Properties Limited on 28th March, 1985 of moveable plant, machinery and equipment situated in or about the freehold or leasehold properties described in paragraphs 7(b), 7(c) and 7(i) above.

(j) An agreement dated 17th May, 1985 made between (1) R. Newton and others (2) Citicorp and others and (3) the Company, whereby Citicorp, CIN and The Prudential have agreed that, conditional upon permission to deal in the Ordinary Shares in the Unlisted Securities Market being granted, they shall cease to have the benefit of the warranties and indemnities contained in the Share Purchase Agreement.

(k) The Offer for Sale Agreement (see paragraph 2(a) above).

16. General

(a) The Company has taken out "key-man" insurance policies on the lives of Dennis Duffield, Fraser Lyon, Roger Newton and Ian Wheeler for an amount of 4 times their respective annual salaries each.

(b) The financial information concerning the Group and M & P contained in this document does not amount to full individual accounts within the meaning of Section 11 of the Companies Act 1981. The consolidated audited accounts of the Company for the year ended 31st December, 1983, the consolidated audited accounts of Wold Farm Foods for the year ended 31st December, 1982 and the audited accounts of M & P for the financial years ended 31st July, 1983 and 1984 have been delivered to the Registrar of Companies. The consolidated audited accounts of the Company for the year ended 31st December, 1984 will be filed with the Registrar of Companies in June, 1985. The Auditors have made a report under section 14 of the Companies Act 1967 in respect of each such set of accounts and each such report was an unqualified report within the meaning of section 43 of the Companies Act 1980.

(c) No cash, securities or benefits have within the two years immediately preceding the date hereof been paid or given or are now proposed to be paid or given to any promoter.

(d) For the purposes of Section 50 of the Companies Act 1948, the application list will be opened at 10.00 a.m. on 28th May, 1985 and may be closed at any time thereafter.

17. Registration

Copies of this document have been delivered to the Registrar of Companies for registration, each copy having attached to it a copy of the form of application, each of the consents mentioned above, a copy of the statement of adjustments to the Accountants' Report and a copy of each of the material contracts mentioned above.

18. Preferential Application Rights

Up to 263,157 Ordinary Shares, representing approximately 5 per cent. of the Ordinary Shares now offered for sale, which will be allocated at the offer for sale price, are reserved in the first instance for applications from employees of the Group and M & P. Such applications must be made on the special pink application forms which are being made available to such employees. Applications from employees must be for a minimum of 100 Ordinary Shares. In the event of excess applications being received from employees, the basis of allocation among them will be determined by Citicorp International Bank Limited and Phillips & Drew, at their discretion.

19. Documents for inspection

Copies of the following documents may be inspected at the offices of Clifford-Turner at Blackfriars House, 19 New Bridge Street, London EC4V 6BY during usual business hours on weekdays (except Saturdays and public holidays) for fourteen days from the date of this document:—

(a) The Memorandum and Articles of Association of the Company;

(b) The consolidated audited accounts of the Company for the years ended 31st December, 1983 and 1984 and the consolidated audited accounts of Wold Farm Foods for the year ended 31st December, 1982;

(c) The audited accounts of M & P for the financial years ended 31st July, 1983 and 1984;

(d) The Accountants' Report and statements of adjustments thereto;

(e) The material contracts referred to in paragraphs 3(e)(i), 3(f)(i) and 15;

(f) The written consents referred to in paragraph 14;

(g) The service contracts referred to in paragraph 5;

(h) The terms and conditions of the Scheme; and

(i) The valuation by Messrs Dickinson, Davy & Markham referred to in paragraph 14(f) of the Accountants' Report.

Dated 20th May, 1985

Procedure for Application

Requirements for application

1. Applications (other than employee applications) must be made on the accompanying application form which, together with a sterling cheque or banker's draft for the full amount payable on application, should be delivered or posted to Barclays Bank PLC, New Issues Department, PO Box 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD so as to arrive not later than 10.00 a.m. on Tuesday, 28th May, 1985. Photostat copies of application forms will not be accepted.

2. Applications must be for a minimum of 100 shares and thereafter in multiples of 100 shares up to 1,000 shares; in multiples of 500 shares up to 5,000 shares; in multiples of 1,000 shares up to 10,000 shares and in multiples of 5,000 shares thereafter.

3. A separate sterling cheque or banker's draft must accompany each application form and must be drawn on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man, of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of those Clearing Houses. Each cheque or banker's draft must bear the appropriate sorting code number in the top right hand corner, and must be made payable to "Barclays Bank PLC" and crossed "Not Negotiable".

4. The right is reserved to present all cheques and banker's drafts for payment on receipt, to retain letters of application and surplus application monies pending the clearance of all cheques and banker's drafts of successful applications, to accept in part only or to reject or scale down applications, and in particular, to reject multiple or suspected multiple applications. Due completion and delivery of an application form accompanied by a cheque or banker's draft will constitute a warranty that the cheque or banker's draft will be honoured on first presentation and attention is drawn to the declaration in the application form to that effect. Applications will be irrevocable until 10th June, 1985.

5. No person receiving a copy of this offer for sale or an application form in any territory other than the United Kingdom may treat the same as constituting an invitation to him, nor should he in any event use such application form, unless in the relevant territory such an invitation could lawfully be made to him and such form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith including obtaining any governmental or other consent which may be required or observing any other formalities needing to be observed in such territory.

6. The right is reserved to reject any applications which do not satisfy the above conditions although Citicorp International Bank Limited and Phillips & Drew reserves the right to waive any such conditions.

Basis of allotment

7. Applications complying with the above procedure will be dealt with on the following basis:—

(a) Citicorp International Bank Limited and Phillips & Drew will have complete discretion in deciding the basis of allocation. In so deciding they will have regard to the need to establish a satisfactory market in the Ordinary Shares, for which purpose a reasonable number of shareholders is required. The basis of allocation will be announced on or as soon as possible after 28th May, 1985.

(b) If any application is not accepted, or is accepted for fewer shares than the number applied for, the application money or the balance of the amount paid on application will be returned by cheque through the post, in all cases without interest and at the risk of the applicant concerned.

(c) Up to 263,157 Ordinary Shares, representing approximately 5 per cent. of the Ordinary Shares now offered for sale, which will be allocated at the offer for sale price are reserved in the first instance for applications from employees of the Group and M & P. Such applications must be made on the special pink application forms which are being made available to such employees. Applications from employees must be for a minimum of 100 Ordinary Shares each at the offer for sale price. In the event of excess applications being received from employees, the basis of allocation among them will be determined by Citicorp International Bank Limited and Phillips & Drew, at their discretion.

General

8. The offer for sale and the acceptance of applications is conditional on the Council of The Stock Exchange giving permission for the whole of the ordinary share capital of the Company, issued and now being issued, to be dealt in the Unlisted Securities Market not later than 31st May, 1985. Money paid in respect of all applications will be returned (without interest and at the risk of the applicant concerned) if such permission is not granted and in the meantime will be retained by Barclays Bank PLC in a separate account.

9. Renounceable letters of acceptance are expected to be sent to successful applicants on 31st May, 1985 and will be renounceable up to 12th July, 1985. The shares now being offered for sale will be registered free of stamp duty in the names of the purchasers or persons in whose favour letters of acceptance have been renounced, provided that, in the case of renunciation, letters of acceptance duly completed in accordance with the instructions contained therein are lodged for registration on or before 3.00 p.m. on 12th July, 1985. Share certificates will be despatched by first class post on or before 9th August, 1985.

10. Dealings in the Ordinary Shares are expected to commence on 3rd June, 1985.

Copies of this document with application forms may be obtained from:—

Citicorp International Bank Limited,
335 Strand,
London WC2R 1LS

Phillips & Drew,
120 Moorgate,
London EC2M 6XP

Barclays Bank PLC,
New Issues Department,
P.O. Box 123,
Fleetway House,
25 Farringdon Street,
London EC4A 4HD

and from the following branches of Barclays Bank PLC:—

63 Colmore Row, Birmingham B3 2BY	35/39 Victoria Street, Grimsby DN31 1DE	17 York Street, Manchester M60 2AU
52 Market Place, Boston PE21 6LU	28 Park Row, Leeds LS1 1PA	10 Hall Place, Spalding PE11 1SR
40 Corn Street, Bristol BS99 7AJ	316 High Street, Lincoln LN5 7DP	81 High Street, Scunthorpe DN15 6LZ
90 St Vincent Street, Glasgow G2 5UQ	160 Piccadilly, London W1A 2AB	

APPLICATION FORM

The application list for the Ordinary Shares now offered for sale will open at 10.00 am on Tuesday, 28th May, 1985 and may be closed at any time thereafter.
This application form when completed must be lodged with or posted to Barclays Bank PLC, New Issues Department, P.O. Box 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD, together with a cheque/banker's draft representing payment in full at the offer for sale price so as to be received not later than 10.00 am on 28th May, 1985. Photostat copies of application forms will not be accepted.
A separate cheque or banker's draft must accompany each application form.
Cheques and banker's drafts, which must be drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of those Clearing Houses and must bear the appropriate sorting code number in the top right hand corner, must be made payable to "Barclays Bank PLC" and crossed "Not Negotiable". All cheques/banker's drafts are liable to be presented for payment on receipt.
Applicants are strongly advised to use first class post and to allow two days for delivery.

WOLD PLC

(Incorporated in England under the Companies Acts 1948 to 1981. Registered Number 1761073)

Offer for Sale
by
Citicorp International Bank Limited
and
Phillips & Drew
of

5,263,158 Ordinary Shares of 5p each
at 95p per share payable in full on application

Applications must be for a minimum of 100 Ordinary Shares and thereafter must be in the following multiples of Ordinary Shares:—

Applications up to 1,000 shares	multiples of 100 shares
Applications for over 1,000 shares up to 5,000 shares	multiples of 500 shares
Applications for over 5,000 shares up to 10,000 shares	multiples of 1,000 shares
Applications for over 10,000 shares	multiples of 5,000 shares

*Number of shares for which application is made	Amount enclosed at 95p per share
	£

To: CITICORP INTERNATIONAL BANK LIMITED AND PHILLIPS & DREW

I/We enclose a sterling cheque or banker's draft payable to Barclays Bank PLC, New Issues Department, P.O. Box 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD, for the above mentioned sum, being the amount payable in full on application for the stated number of Ordinary Shares of 5p each in Wold PLC ("the Company") at 95p per share. I/We offer to purchase that number of shares and I/we agree to accept the same or any smaller number in respect of which this application may be accepted upon the terms of the document dated 20th May, 1985 and subject to the Memorandum and Articles of Association of the Company. I/We request that you send to me/us a fully paid renounceable Letter of Acceptance in respect of such shares, together with a cheque for any moneys returnable without interest, by post at my/our risk to the address first given below and procure that my/our name(s) be placed on the Register of Members of the Company as holder(s) of such of the shares allocated to me/us (if any) as have not been duly renounced.

In consideration of Citicorp International Bank Limited and Phillips & Drew agreeing to accept applications upon the terms and subject to the conditions of the said document for an aggregate number of 5,263,158 Ordinary Shares of 5p each of the Company, I/we agree that this application shall be irrevocable until 10th June, 1985 and that this paragraph shall constitute a collateral contract between me/us and Citicorp International Bank Limited and Phillips & Drew which shall become binding upon despatch by mail or delivery of this application form to Barclays Bank PLC duly completed.

I/We understand that the completion and delivery of this application form, accompanied by a cheque, constitutes a warranty that the same will be honoured on first presentation. I/We acknowledge that a renounceable Letter of Acceptance and any cheque for any moneys returnable to me/us are liable to be held pending clearance of all applicants' cheques and banker's drafts.

FOR OFFICIAL USE ONLY
1. Acceptance number
2. Number of shares accepted
3. Amount received £
4. Amount payable £
5. Amount returned £
6. Cheque number

Dated 1985   1. Signature ....

PLEASE USE BLOCK CAPITALS

●Forename(s) (in full)
●Surname and designation (Mr. Mrs. Ms. or Title)
●Address (in full)

(In the case of joint applications all further applicants must sign and complete below)

2. Signature ....
Forename(s) (in full) .... Surname and designation .... (Mr. Mrs. Ms. or Title)
Address (in full) ....

PLEASE PIN CHEQUE/DRAFT HERE

3. Signature ....
Forename(s) (in full) .... Surname and designation .... (Mr. Mrs. Ms. or Title)
Address (in full) ....

4. Signature ....
Forename(s) (in full) .... Surname and designation .... (Mr. Mrs. Ms. or Title)
Address (in full) ....

Any signature on behalf of a Corporation should be that of a duly authorised official who should state his representative capacity.
If this form is signed under a Power of Attorney, such Power of Attorney or a duly certified copy must accompany this form.
No receipt will be issued for the payment on application but an acknowledgement will be forwarded through the post in due course, either by a fully paid renounceable Letter of Acceptance for all or part of the shares applied for and/or a cheque for any application moneys returnable, in each case, at the risk of the applicant.

UK COMPANY NEWS

AB Foods below expectations with £132m

TAXABLE PROFITS at Associated British Foods were only slightly less than expected at £132.3m against £126.7m, but a sharply increased tax charge and much lower below-the-line credits cut the balance for the 1984-85 year by nearly half to £89.7m.

The City, which had been looking for around £134m pre-tax, marked the shares down 6p to 228p on the day.

Profits before tax last time benefited to the tune of £12.4m from the three month contribution of the Premier Group, sold in June 1983, which also accounted for the sizable £87.6m extraordinary gain. This year's below-the-line figure of credit £10.8m relates mainly to the profit on the sale of properties.

The directors have decided to pay a second interim dividend of 3.7p net per share. This is their usual practice and compares with a 3.4p payment last time. It lifts the total for the year from 5p to 5.4p, well covered by stated earnings per share of 19.8p against 21.2p, pre-extraordinaries. They state their net assets to be £922.6m (£858.4m).

Worldwide sales for the year ended March 30 1985 were up by £166m or 6 per cent to £2.93bn excluding Premier sales and taking into account an adverse currency re-alignment of £45m.

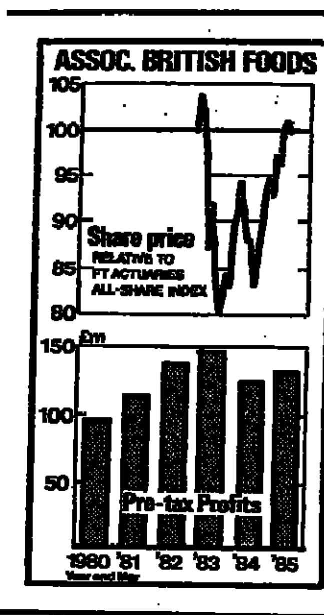
The trading surplus at £114.8m was £17.8m or 18 per cent higher. After deducting a slightly lower interest charge of £6m (£6.4m) group profits, again excluding Premier, came out at £108.8m, an increase of £18.2m compared with continuing group activities last year.

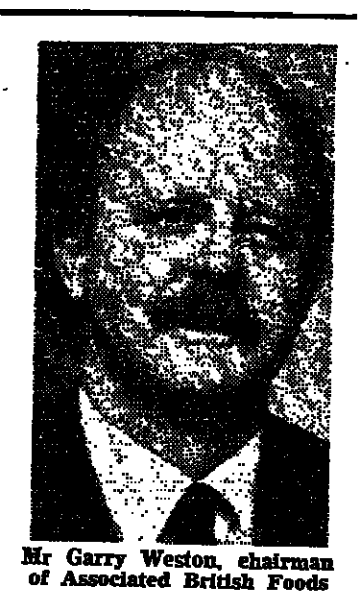
Mr Garry Weston, the chairman, says that investment income of £23.5m against £23.7m is a disappointing feature of the accounts compared with the high rates of return achieved last year following the Premier sale.

In his review of group trading activities—they include Allied Bakeries, Fine Fare, and the Twining tea and coffee concern—Mr Weston says that in the UK both the manufacturing and retailing divisions increased sales by over 8 per cent to £984m and £1.3bn respectively.

Trading profits of the manufacturing division were nearly 30 per cent higher at £52.4m, the main contributors to this "substantial improvement" being milling, biscuit manufacture, tea blending and the commodity dealing activities of the group.

The increase in turnover of the retailing divisions represents a growth in volume terms of approximately 3.5 per cent and trading profits were 18 per cent higher at £35.3m, which reflects the achievement that has been attained in improving efficiencies and reducing costs during the year, says the chairman.





Mr Garry Weston, chairman of Associated British Foods

As in previous years, redundancy and reorganisation costs have been charged against trading profits and again exceeded £8m.

Overseas, sales at £639m and trading profits of £23m are £7m and £1.4m lower respectively when compared with the previous year. This is after taking into account the adverse currency realignment of £45m and £2.2m respectively, and the sale of the Australian poultry operations. The Australian results of the group have been converted at a rate of A$1.73 to the pound.

Mr Weston says that while capital expenditure has been maintained at a high level, the reduction in capital allowances, the withdrawal of stock relief and other changes in the basis of corporation tax have had the effect of increasing substantially the UK tax charge for the year. This rose from £19.4m to £37.9m, while overseas tax fell from £16.3m to £13.5m.

Aggregate dividend payments will account for £21.6m against £20m, leaving the group with a much reduced retained balance of £68.1m, compared with £152.1m.

See Lex

Aberdeen Trust in surprise unit move

By Alexander Nicoll

PLANS FOR the latest in a string of investment trust shake-ups were unveiled yesterday by Aberdeen Trust, which proposes to convert itself into a series of unit trusts. Doubts were immediately raised, however, about whether the change would meet widespread shareholder approval.

The decision to unitise surprised the City. It followed by only a few months less drastic measures taken by the trust to narrow the discount of its share price to net asset values.

It was understood that other proposals had been made to the trust, including one which would have maintained investment trust status but switched the portfolio's management to another Scottish group. It was not clear whether that proposal would now be made in opposition to the unitisation plan.

Mr Ronald Scott Brown, a director, said that all sorts of proposals were talked about from time to time." He had no indication that an alternative proposal would be put.

Late last year, the trust introduced a mortality clause, under which it could be wound up in 1987 or at three-year intervals after that. It also, while maintaining a non-specialist investment portfolio, change to a policy of seeking income rather than capital growth.

Aberdeen Trust has net assets of £101m and is managed by Aberdeen Fund Managers, which has no other investment or unit trusts but more than £20m of other funds under management.

Under the unitisation proposals, AFM's team — Mr Scott Brown, Mr George Robb and Mr Martin Gilbert — would continue to look after the portfolio from Aberdeen. But AFM would also acquire a minority interest in Scottish Unit Managers, a small Edinburgh unit trust management company, and appoint two directors to its board.

SUM, owned by Martin Currie, the Edinburgh fund managers, and the British Linen Bank, has five unit trusts, totalling £50m.

Most surprising to investment trust analysts yesterday was Aberdeen Trust's assertion that shareholders "will receive units with a value equal to approximately 98 per cent of the net asset value per share at the time of unitisation."

The costs associated with unitisation usually represent between 4 and 6 per cent of net asset value, meaning that shareholders get between 94 and 96 per cent.

Aberdeen Trust's largest shareholder, with 19 per cent, is London and Manchester Group. Mr Ian Henderson, L. and M general manager, said he had put no pressure on the trust to unitise.

The trust's share price rose 14p to 191p compared with the stated net asset value of 202p.

Nu-Swift to go for growth in France after £4.5m profit

PRE-TAX profits reached £4.51m at Nu-Swift Industries in 1984, which included the results of the French-based Associated Fire Protection acquired during the year in a reverse take-over. The comparable figure was £1.87m.

Nu-Swift—which makes fire extinguishers and other fire-fighting equipment—contributed £2.57m (£1.87m) to the taxable profit, while AFP, which was depressed at the halfway stage, added £1.94m (nil).

The directors say that a review has been undertaken to harmonise the products of the two parts of the company, and it has been decided that the manufacture of the economy range of fire extinguishers will be transferred to France in the current year.

They add that UK trading in 1985 has started well and they are encouraged by the prospects.

nu-swift

They look forward to further progress in these operations.

In France, they say that the benefits resulting from the programme initiated late last year to rationalise the sales division and to reduce costs will be effective throughout the current term, and that French prospects are more encouraging.

Turnover of the enlarged group more than doubled from £14.15m to £30.57m and produced operating profits of £5.06m against £5.24m, of which £2.61m (£3.35m) came from AFP.

Prior to the end of 1983 activities were carried on as part of Mr Michael Ashcroft's Hawley Group, and no separate identification of interest and tax charges attributable to these activities was possible. The comparatives — Nu-Swift's interest credit £115,000 (debit £29,000) and AFP interest debit £664,000 (nil)—are therefore the results of Nu-Swift Industries only before the merger.

After tax at £2.2m (£1.03m) and minority interests halved to £3,000, shareholders are left with an attributable balance of £2.3m (£836,000).

The dividend for the year is to be raised by 0.6p to 3p net per share with a final of 1.9p against 1.475p. Earnings per share are stated at 5.24p (4.78p).

● comment

There is a sharp contrast between new and old at Nu-Swift. The group's original businesses, pre-dating the merger with Associated Fire Protection, have responded well to reorganisation and rationalisation, producing a 37 per cent increase in pre-tax profits, following a 100 per cent increase the previous year. But the AFB activities have turned out to be something of a disappointment, mainly, it seems, because of the difficult trading conditions in France. Nu-Swift has now cut back its overheads and hopes for rationalisation benefits this year. The City is clearly optimistic that this might produce the rapid improvements achieved in the UK, though probably not on the same scale; the shares were marked up 12p to 67p yesterday, where they trade on a multiple of 13 times earnings and yield 6.4 per cent.

Goldsmiths to sell betting side for £7m

Goldsmiths Group, the retail jewellery, finance and insurance group, yesterday reported near quadrupled profits for 1984-85 and at the same time, announced that its betting division is to be sold to Coral Racing for total cash proceeds of some £7m.

Both as a result of acquisitions and improved trading performance, group turnover increased from £18.32m to £41.54m for the year to February 28, 1985, and pre-tax profits leapt to a record £1.62m (£0.43m). The final dividend is higher at 5.5p for a total payment of 7.5p (5.5p).

Goldsmiths' betting division comprises 41 betting shops and five credit offices. It operates through three principal companies, PTS (Manor House) Group, Sidney Napper and PTS Racing (Jersey).

Explaining the reasons for the disposal, the board says the UK bookmaking industry is dominated by a few large companies and this currently restricts Goldsmiths' ability to expand further in this sector. The board considers the funds released by the sale can now be utilised more profitably.

Bookmaking and finance activities contributed £580,000 (£247,000) to 1984-85 group profits.

Ivory & Sime expands to £2.4m

SECOND HALF profits of £1.34m have been achieved by Ivory & Sime, the investment management company which also has interests in oil and gas exploration. This brings the total for the year ended April 30, 1985 up from £2.02m to £2.4m.

The year's dividend is lifted from 2p to 3.25p net. For the current term the directors intend to institute an interim dividend, which will be announced in November and paid the following January.

The directors say results for 1985-86 depend largely on the performance of stock markets and currencies, and make predictions very difficult. However, if markets and currencies were to remain at present levels, earnings would rise again.

Ivory & Sime now has ten investment trusts under management with funds of over £800m. Japan Assets Trust, which is under the company's management, expanded its assets from £20m to over £50m following a merger with another trust.

A new investment trust, Pacific Assets Trust, was launched through a consortium of regional stockbrokers with a large percentage of the £12m raised being supported by individuals.

New UK pension funds (£1bn now under management), new oil and gas (£60m) and overseas institutional (£200m) clients mean that there are over 71 clients served with total assets in excess of £2bn, compared with some 61 and £1.6bn a year ago.

In the past year, revenues rose by 19 per cent to £5.76m, reflecting higher market values of the funds of existing clients and the addition of new clients in all areas of the company's business.

Operating profit came through at £2.4m, compared with £2.1m. Ivory & Sime (Oil and Gas), included on an equity basis, produced £28,000 (£10,000) while interest charges were cut to £26,000 (£83,000).

Tax absorbs £975,000 (£941,000) to leave a net profit of £1.42m (£1.08m) for earnings of 5.64p (4.21p) per share. Amortisation of goodwill takes £250,000 (same) and there are extraordinary credits of £97,000 (£155,000), which brings the earnings down to 4.61p (3.19p).

Goodwill arose on the purchase of the investment management business from the predecessor company following the reorganisation of 1981 and is being amortised. The directors believe the value of the business has not depreciated since purchase and that earnings before amortisation reflect the continuing earnings pattern of the company.

● comment

There was still enough steam left in Ivory and Sime's shares, which have been strong for a couple of weeks, to forge ahead further to 133p when the results were announced. The group seems to have done even better in its specialised market niches than the City had expected, and has taken on an encouraging amount of new business. The £400m of new funds brought under management will be contributing their first full years' fee income in the current 12 months, which would ensure a rise in profits this year other things being equal. But in the investment management business other things never are equal, and because profits are dependent on movements in stockmarkets and currencies it is difficult to make any reliable profit forecast. However analysts are tentatively predicting profits of £2.7m this year after amortisation of goodwill and before tax, which would put the shares on an earnings multiple of 20 (assuming 40 per cent tax). The shares now look fairly priced compared to rival fund managers, commanding a just premium for the higher quality of Ivory and Sime's earnings.

Wold USM placing to raise £3m

Wold, producer of frozen green vegetables, is coming to the USM with a market value of £20.5m. The full prospectus of an offer for sale by Citicorp International and Phillips and Drew of 5,263,158 ordinary shares at 95p each is published today.

The shares offered represent 24.4 per cent of the enlarged equity, and will raise £3.02m new money for the company, with the balance being sold by existing shareholders. Citicorp, CIN and Prudential will each hold 12 per cent of the company after the offer for sale.

Wold is one of the three largest freezers and packers of green vegetables in the UK along with Birds Eye and Ross. It produces retail packaging bearing the customers "own label" for multiples such as Tesco, Sainsbury, and Marks and Spencers, supplies vegetables in bulk to Findus, and exports to Europe.

The five largest customers account for 60 per cent of turnover with half of that from the single largest, Findus, which Wold supplies under a fixed contract that will be renegotiated in 1987.

The company's five-year trading record shows a £1.26m loss in 1980, with growing profits made in each subsequent year to reach £1.8m pre-tax in 1984 on turnover of £27.4m.

There is no forecast for 1985, as most of the profit is made in the second half. However, the company says that the year has got off to an encouraging start.

At the offer price the shares are on an historic price earnings multiple of 8, calculated on an 11 per cent tax charge. The notional dividend for 1984 is 2.3p a share, giving the shares, at the offer price, a yield of 3.5 per cent. The application list opens on May 28, and dealings are expected to begin on June 3.

● comment

As this is the first offer for sale by an American bank in the London market, Citibank must be particularly anxious to see that it goes well. Perhaps that explains Wold's modest rating: a historic p/e of 12 is undemanding, and a prospective p/e based on a market estimate of £2.5m for 1985 of 9, looks on the low side. The new management seems to have taken the company well in hand, it is now comfortably placed with a firm attachment to Findus and no apparent shortage of contracts with the High Street multiples. By selling its harvest in advance Wold protects itself to a large extent against a poor crop, and so the risk of a plunge into the red like the company suffered in 1980 appears negligable. However, it is difficult to see how Wold is going to achieve above-average growth against competitors Birds Eye and Ross, it will be hard to increase UK market share, and if it wants to expand by selling huge amounts of exotic vegetables it is going to have to create its own market first.

Savoy expects at least £8m profit

The Savoy Hotel group will be disappointed if its 1985 results are not at least as good as those for 1984, when it made pre-tax profits of £8.1m, Sir Anthony Tuke, the chairman, said yesterday.

He was addressing the annual meeting, which saw no further developments in the sparring between the Savoy management and its largest shareholder, Trusthouse Forte.

One shareholder, who asked about the group's longer-term expansion plans, was told that it expected to remain essentially the same size with perhaps the addition of one or two hotels at some point in the future. The questioner responded that "a business cannot stand still. You should know that."

Asked later about THF's attempts to obtain boardroom representation, Sir Anthony said: "It's for shareholders to decide on any resolution that is put. So far the votes have gone in favour of the management." THF has 69 per cent of the Savoy equity but only 42 per cent of the votes.

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Australian stake in Meyer Intl.

Adelaide Steamship Company, the diversified Australian investment and industrial group, has taken a 4.87 per cent stake in Meyer International, the timber and builders merchants. Meyer's shares leapt 16p yesterday to 142p to value the company at £137m.

A decline in demand reduced Meyer's profits in the first half of the year ended March 1985 from £16.9m to £16.1m but the group increased its interim dividend by 0.15p to 1.8p per share. It expects full year profits to be similar to the previous year's £32.7m.

Adelaide Steamship has expanded by means of acquisitions over the past decade from being a tug operator into food processing, building products and retailing. It recently launched a bid worth A$60.4m (£33m) to increase its stake from 20 to 44 per cent in Wormald International, the fire protection group.

Cope Allman in £3.9m purchase

Cope Allman International, the packaging, fruit machines and engineering group, is buying Allied Breweries' amusement machine subsidiary for £3.9m in cash.

The acquisition, which will increase Cope Allman's share of the market to about 20 per cent, is the first substantial expansion since Cope's Bell-Fruit amusement machine operations underwent a major reorganisation.

The main activity of the Allied subsidiary, Brewery Utilities, is the servicing and maintenance of amusement machines for Allied and a number of other brewers and customers.

The assets, with a book value of £2.3m, include gaming machines, amusement machines with and without prizes, ancillary stock and motor vehicles. Cope paid £2.4m on completion, with another £1.5m payable before the end of next February.

Mr Michael Doherty, Cope's chief executive, said the combination of Brewery Utilities strong presence in the north of England with Bell-Fruit Services existing operations would improve the overall efficiency of the enlarged business.

Lasmo joins in Canada venture

By Maurice Samuelson

London and Scottish Marine Oil, the independent British oil company, is helping to launch a new company in Canada to concentrate on acquisition of oil and gas producing properties.

The new venture, Lasmer Resources, has been formed by Lasmo Exploration (Canada) and the Ontario Municipal Employees Retirement Board (OMERS), a pension fund with assets of more than $5bn.

Owned 25 per cent by Lasmo and 75 per cent by OMERS, it is specifically designed to allow the direct investment of Canadian pension fund money in the country's oil and gas sector, Lasmo said yesterday.

The initial commitment of funds by Lasmer was aimed at opportunities in the $5m to $30m range. The new venture will be officially launched next month.

Last month, Lasmo, which operates in 11 countries, gave notice of its intention to seek further acquisitions when it announced a £67.3m rights issue and said it had looked at 50 possible acquisitions or mergers in the past 18 months.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Goldsmiths Group	5.5	—	3.65	7.5	5.5
Polly Peck .... int	1.5	Oct 21	1*	—	3.5*
AB Foods .... sec int	3.7	Sept 2	3.4	5.4	5
Brooke Tool .... int	0.5	July 19	nil	—	1
Cakebread Robey	2.3	July 12	2.2	3.1	3
Crystalate .... int	1.54	—	1.47	—	3.85
Hoggett Bowers .... int	0.5†	July 19	—	—	—
Ivory & Sime	3.25	July 30	2	3.25	2
McCarthy & Stone ... int	0.67	July 26	0.58*	—	2.18*
Nu-Swift	1.9	June 7	1.48	3	2.4
Personal Assets	0.2	—	0.4	0.2	0.4
Radio City‡ .... int	nil	—	1.8	—	5.6

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

UK COMPANY NEWS

Polly Peck maintains its growth with 32% advance

Polly Peck International has maintained its growth record in the first half of its 1984-85 financial year. Pre-tax profits rose by 32 per cent from a restated £21.36m to £28.16m for the 26 weeks to March 1, on turnover 41 per cent higher at £82.83m, against £58.66m.

Mr Asil Nadir, the chairman, says the interim figures not only reflect the contributions of the group's major division—agriculture, food and related industries—and of the Wearwell textile operation, but also for the first time, they include results from the consumer electronics side and the joint investment with Cornell Holdings, the Niksar Mineral Water plant.

For the full year, the board is looking forward to more substantial contributions from the new divisions as they become more established, to supplement the continuing growth of the group's major division.

Mr Nadir says that although the recent strength of the dollar against most currencies had an inhibiting effect on margins, the return achieved by the group's agriculture, food and related industries division remains highly satisfactory, with an interim contribution of £23m (£18.6m) to pre-tax profits, on turnover of £58.9m (£45.3m).

The net interim dividend is being lifted by 50 per cent to 1.5p (1p) per 10p share, which the board feels is appropriate in the light of the group's continued growth. Last year's total payment was equivalent to 3.5p on reported pre-tax profits of £50.55m (£24.69m).

Mr Nadir said yesterday he envisaged that discussions would start shortly between the Polly Peck board and the respective boards of Cornell Holdings and Inter-City Investment Group on the terms of an offer to be made for the balance of shares in those companies not already owned by Polly Peck.

Mr Asil Nadir

Cornell's interim figures show a pre-tax profit of £1.98m for the 26 weeks to March 1, as against a £93,000 loss in the previous full year. Turnover amounted to £5.43m and earnings per share were 13.2p.

Inter-City made a taxable profit of £23,000 in the six months to February 28 (£325,000 loss for 8 months to end August 1984) and the board looks forward to continued improved performance over the year. Turnover was £3.77m (£4.65m) and earnings per share came to 0.09p (1.16p loss).

The group's investment programme in Turkey continues to be heavy, which the board feels is fully justified by the success of its involvement there to date. The board remains committed to expanding its sources of supply and markets internationally and is continuing to assess the potential of investments outside its current established areas of geographical activity.

Half-year group pre-tax profits included this time a £1.33m share of related companies' results. Tax took £4.4m (£4.39m) and stated earnings per share were 25.2p (18.8p). Comparatives have been restated to include Wearwell's consolidated results.

The group's agriculture division's fruit and vegetable trading activities have benefited this year from increased fruit packing and storing facilities in Turkey, expanded sources of supply and a wider range of products in Turkey, and increased production in Northern Cyprus.

They were also helped by attractive market conditions in Western Europe, the Comecon markets and the Middle East, in particular for citrus in the early part of the year.

The packaging manufacture operation continued to achieve record performance levels.

The textile division continued to develop its traditional businesses steadily, contributing turnover of £13.8m (£13.4m) and pre-tax profits — after share of related companies results — of £2.8m (£2.7m).

The electronics division made £1.2m pre-tax profit on £10.1m turnover. This result reflects the performance in manufacturing Semi-Knocked-Down Ferguson colour televisions and video recorders, prior to the completion of the major second stage of the plant. The entire plant has now been commissioned.

The Niksar mineral water bottling plant has been steadily building up to full capacity and interim figures included a £1.1m contribution from the group's direct and indirect investment in the plant.

See Lex

Moss and Cole in battle of words

Robert Moss, the manufacturer and distributor of plastic injection mouldings, yesterday fired the opening shots in its contested £5.2m bid for Cole Group by criticising Cole's profitability.

Moss, advised by Brown, Shipley & Co, said that Cole's latest annual results, showing a fall in pre-tax profits from £427,000 to £278,000, failed to bear out optimistic statements made by Cole's management last October.

Cole, advised by Samuel Montagu, countered by saying that profits for the first six months of the year were "very substantially better" than the first half in 1984. No figures were offered, but Cole intends to provide details before the first closing date on June 7.

In its offer document, Moss discloses that in 1984 it held preliminary, but inconclusive, discussions with Cole on possible co-operation. They followed the purchase of an 8.1 per cent stake in the company.

"Moss believes that the incorporation of Cole . . . will enhance the prospects of achieving a return on turnover and capital to the benefit of shareholders of the enlarged group," Moss says.

The offer is 67 news shares and £100 in cash for every 100 Cole shares. On the basis of last night's closing prices, it values Cole at £5.2m or 173.7p a share.

Moss shares closed at 110p, up 9p on the day. Cole closed at 180p, 10p on the day.

Major role for U.S. insurer in buy-out

By Martin Dickson

Prudential Insurance Company of America, one of the leading U.S. financial institutions, is set to play a major role in the £55.8m management buy-out organised for Haden, the engineering company, in an attempt to see off a hostile bid from Trafalgar House.

This is revealed in the management buy-out offer document, published yesterday, which also gives shareholders a loan note alternative to the 360p a share cash offer previously announced.

A new company, Manugood, has been formed to finance the buy-out. Its shareholders consist mainly of City institutions — led by the Electra and Globe investment trusts — and 27 senior Haden managers. It will be capitalised by £1m of ordinary share capital, £19m of preference share capital and £15m of loan stock.

However, the document says that Prudential Insurance is expected to take up all the loan stock, as well as 40 per cent of the preference shares and 34 per cent of the ordinary shares.

This would amount to a major U.S. move into the UK venture capital market.

Globe and Electra would together hold 41 per cent of the preference shares and 35 per cent of the ordinary shares with other institutions specialising in venture capital taking up much smaller stakes.

Haden's managers would have 15 per cent of the ordinary shares, with the largest stakes —2.4 per cent — held by Mr Peter Simonis, the chairman, Mr Philip Ling, the managing director, and Mr Art Geiger, head of the company's U.S. subsidiary.

Shareholders may elect to receive floating rate loan notes —guaranteed by Morgan Guarantee Trust of New York—for all or part of their holding of ordinary or preference shares. The notes, carrying a rate ½ per cent below Libor, would be redeemable at the holder's option semi-annually between 1986 and 1988.

Manugood also revealed yesterday that it had acquired a 3.4 per cent stake in Haden through shares purchased on May 15 at a price of 360½p a share. Although that is above the offer price, it is permissable under the take-over code since the bid terms incorporate a 10p second interim dividend payment by Haden.

Trafalgar House has yet to decide whether or not to increase its bid for Haden.

Hard Rock plans to become big noise on unlisted market

BY STEFAN WAGSTYL

The Hard Rock Cafe, one of London's most glamorous hamburger bars, is planning a stock exchange flotation later this year.

The Piccadilly restaurant, currently quoted on the over-the-counter market with a capitalisation of £11m, is looking to join the Unlisted Securities Market.

The company's likely market value will be greatly increased by the planned consolidation of interests in the Hard Rock Cafe in New York and rights to the restaurant name throughout the world.

The company and its financial advisers, Svenska International, are working out the details of this restructuring.

Opened in 1971, the Hard Rock Cafe's fame and fortune was born with its popularity with the stars of rock and pop music, among them the Beatles and the Rolling Stones.

More recent patrons have included tennis champions John McEnroe and Jimmy Connors.

Its founder was Mr Isaac Igrett, an American who holds 60 per cent of the equity following the flotation of the company on the OTC Market by Harvard Securities in 1983.

In the year to the end of June last year the Hard Rock Cafe made profits of £383,000 pre-tax on sales of £2.1m.

But these figures do not include the profits of the U.S. restaurant in which the UK company has a 10 per cent stake. Opened in March last year, the restaurant—just off Broadway—is also said to be highly successful, selling the same range of hamburgers and steaks, to the same sound of loud rock music.

If the company's consolidation plans are successful, it intends to expand elsewhere, notably in Continental Europe, in the U.S., and in the Far East.

One possibility is the development of franchise operations on the lines of a restaurant opened earlier this year in Stockholm.

Henderson offer extended

BY TERRY POVEY

Henderson Group, has extended the closing date for acceptance of its share offer for R. Cartwright (Holdings) to June 7. The terms of the offer, five Henderson shares for every nine of Cartwright's, has not been changed.

Acceptances to May 17, the first closing date, totalled 9,096 Cartwright shares or 0.0014 per cent of the target's outstanding equity. Henderson owned 4.8 per cent of Cartwright prior to the bid and has not increased this through direct purchases subsequently.

Both companies are in the building supplies industry—with Henderson having diversified into security related activities in the UK and the U.S. Robert Fleming are advisers to Henderson while County Bank Act for Cartwright.

At the close yesterday Henderson's shares were down 10p at 230p while Cartwright was unchanged at 178p. Concern at the prospect of a higher bid is said by dealers to have lead to the selling pressure against Henderson.

Falcon

Mr M. W. Hindmarch, a director of Falcon Industries, has disposed of 500,000 shares in the company. Because of an agency error, yesterday's item in the share stakes column incorrectly referred to Falcon Resources.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Aspinall Holdings, J. Bibby, City Site Estates, Greenall Whitley, Howard Group, Johnson and Firth Brown, Ranks Hovis McDougall, Saatchi and Saatchi, Spencer Clark Metal Industries.

Finals:—British American Film, British-Borneo Petroleum Syndicate, Caparo Industries, Comprehensive Financial Services, Compsoft, Fine Art Developments, Gartmore American Securities, Gerrard and National, Lancs. Monks Investment Trust, J. Sainsbury, United Friendly Insurance.

FUTURE DATES

Interims:—

Dundee and London Inv. Tst.	June 20
National Australia Bank	May 23
Pyke Holdings	May 23
Redfearn National Glass	May 22

Finals:—

Delyn Packaging	May 24
Dencora	May 28
Hunter Saphir	May 30
Lep Group	May 30
Lifecare International	May 24
Pilkington Brothers	June 12
Sheraton Securities Intnl.	May 28
Sketchley	June 5
Weeks Associates	May 23

UK COMPANY NEWS

Crystalate checked by lower margins

REDUCED margins arising from increased competition in the fast expanding telecommunications equipment market have hit the Crystalate Holdings group in the half year ended March 31 1985.

Although not strictly comparable, the profit before tax for the period comes to £2.36m, against £2.8m the year before. In the continuing electronics business, sales rose £9.5m but trading profit only £150,000.

The directors are optimistic, however. They tell shareholders that order books indicate that the outlook of rthe second half *is stronger, and should yield* both increased sales and profits "sufficient to retrieve the first half shortfall."

This year's interim figures include a full term from Welwyn Electronics and nothing from Royal Worcester Spode, nor Royal Worcester Industrial Ceramics. The comparative period included four months of all those companies—the Royal Worcester subsidiaries were sold with effect from September 30 1984. For the whole of 1983-84 the continuing businesses made sales of £50.96m and operating profit of £4.67m; the pre-tax balance came to £5.66m.

Mr John Leworthy, the chairman, says the AP Besson division was especially affected in the period, although it remained a major contributor to profits, as were Welwyn Microelectronics, Welwyn Resistor, and Strain divisions. Losses were sustained in two sections and the necessary corrective action has been taken.

The pre-tax profit was struck after interest charges £761,000 (£385,000) and included investment income £747,000 (£27,000). Last year also included £935,000 profit of subsidiaries being sold after interest charges.

After tax £958,000 (£1.06m) and minorities £43,000 (£16,000), the net attributable profit works through at £1.36m (£1.73m). This gives earnings per 5p share of 5.96p (7.21p) basic and 5.24p (5.79p) fully diluted.

The *interim dividend* is lifted to 1.54p net, from 1.47p, and the 514,695 shares issued in February on conversion of loan stock will participate. The previous final was 2.38p.

In the six months to the end of March 1985 the group attribut*able net assets had expanded* from £22.96m to £24.65m, representing 106p (101p) per 5p share.

Mr John Leworthy, chairman of Crystalate

● comment

It will be some time before Crystalate Holdings can adapt to the world as it is after the privatisation of British Telecom. The price squeeze that the new-look BT has put on suppliers like Crystalate (which does about 35 per cent of its business with BT) shows no signs of leasing, indeed it is so severe that the strong increase in volume demand in these figures cannot compensate for the *decline in margins. The* 1983 deal which brought the Welwyn companies into the group looks more important than ever—for it is the contribution from these activities which held the decline in pre-tax profits to under £0.5m. Welwyn also includes some of the group's brightest operations, among them the Microelectronics business, though these are still too small to compensate for the sluggish BT-dependent activities. Crystalate will do well to make £6m in the current year, *which puts the* shares, up 2p to 165p, on a multiple of about 11 on a 40 per cent tax charge. After falling back from a 1985 peak of 240p they should not gfo down much further, but at the same time they should not go down much *recovery stocks* when the electricals come back into fashion again.

Hoggett Bowers set for record

LOSSES incurred by new consultants has held back the profit rise of Hoggett Bowers, the executive search and selection consultancy, to £2,000 in the half year ended February 28 1985. The pre-tax balance was £306,000.

Turnover advanced by 19.7 per cent to £1.6m. New consultants incurred losses of £46,000 before reaching a profitable level.

They are now making a "positive contribution" to profits, says the chairman Mr John Featherstone. And with the opening of the Windsor office and the establishment of the personnel recruitment advertising agency, "we are well placed for further growth."

Assuming that current market conditions continue, the chairman is confident that 1985 will set another record.

The directors have appointed Capel-Cure Myers as stockbrokers and Arthur Andersen & Co. as joint auditors with Lindley Adams. They consider these changes will be beneficial to the company's development.

Hoggett Bowers came to the USM in the latter part of last year. It is paying an interim dividend of 0.5p net, and forecasts a final of 1p.

After tax £143,000 (£173,000) the net attributable profit comes to £163,000 (£130,000) for earnings of 1.3p (1.1p) per share.

For the year ended August 31 1984 turnover totalled £3.05m and profit £639,000.

Brooke Tool relies on exports

SHEFFIELD-BASED Brooke Tool Engineering has paid its first interim dividend since its rescue two years ago. The payment of 0.5p follows the return to the dividend list with a final of 1p last year.

The figures for the six months to the end of March 1985 were affected by the miners' strike, which continued throughout the period. However, the effects were mitigated to a large degree by continued efforts to build up export business.

Following the dramatic increase in sales to the U.S. in 1983-84, almost doubled to £1.31m, Mr Idris Jones, the group managing director, said yesterday that there had been further steady growth, as there had been in Europe, the company's main market. He added that with the introduction of further products on both markets this year, the company was expecting to see more growth.

Turnover was down by almost 5 per cent on the same period of the previous year, from £4.95m to £4.72m. However, with lower administration expenses, £342,000 (£495,000) and interest charges, £59,300 (£100,900), pre-tax profit was marginally higher at £427,900 (£419,000).

Mr Jones said the expenses were 30 per cent lower because in 1983-84 the full costs of closing its Nottingham office and the paying off of two members of staff had been included.

Two subsidiaries which rely on the NCB for most of their orders were adversely affected by the miners' strike. One of them, Green and Bingham, which is 92 per cent-owned by Brooke, suffered losses. With the end of the dispute, the industry is said to be slowly returning to normal and an increase in orders is being seen.

The cutting tool companies are continuing to grow.

The tax charge was £61,000, up from £55,000 and there was a minority credit of £9,900, against a debit the previous year of £500. Earnings rose from 2.8p to 2.9p basic per 5p share before the exercise of the conversion rights. Fully diluted and after conversion they were 1.6p (1.5p).

Brooke Tool plunged into the red in 1982, the result of heavy losses in its machine tool division. The company called in the receivers to the four subsidiaries involved at the beginning of 1983 and announced a rescue package, which included a £1.14m preference share issue and a capital reconstruction.

Radio City £49,000 in the red

A GENERAL shortfall in advertising revenue has resulted in Radio City (Sound of Merseyside) incurring losses of £49,000 in the six months to March 31 1985 compared with pre-tax profits of £234,000 in the corresponding period last year.

New chairman Mr G. L. Corlett says the half was "disappointing" and the shortfall in advertising is being encountered by all independent radio and television companies.

No interim dividend is being paid, against 1.8p net last time and a final of 3.8p.

Turnover fell by £281,000 to £1.42m; and there was a trading loss of £32,000 against a profit of £181,000. The pre-tax figure was after interest charges of £17,000 compared with a credit of £53,000 last time. No tax was payable against £114,000.

Mr Corlett says certain costs which fall within the company's control have been reduced, but during the period there was no reduction in the high level of costs imposed by the copyright organisations or the Independent Broadcasting Authority.

The Beatle City exhibition, which was not open during the corresponding period of last year, was kept open throughout the winter 1984-85, but attendances were unexpectedly low and resulted in a loss.

The company is endeavouring to make more viable arrangements for the future of this valuable exhibition.

In the last full year to September 30 1984 pre-tax profits were down from £477,000 to £400,000 on turnover of £2.59m (£2.77m). The annual meeting was told that the economy on Merseyside remained "fragile" and competition for advertising remained keen.

McCarthy & Stone advances to £4.1m

McCarthy & Stone, which makes sheltered accommodation, increased pre-tax profits by 30 per cent to £4.08m for the six months to February 28 1985, against £3.15m last time. The result, however, was 46 per cent higher if the £517,000 surplus on the sale of property, other than *sheltered units*, is excluded from the 1984 figures.

Turnover for the half year advanced by 42 per cent from £9.7m to £13.79m. Sales of sheltered units totalled 467, compared with 323 for the corresponding period and 737 in the year to August 31 1984. After adjusting for property sales, profit margins on sales of sheltered units continue at previous levels.

Mr J. S. McCarthy, the chairman, says that having regard to the high level of interest in the group's services, in particular strong forward sales of sheltered homes which are 88 per cent ahead of the same time last year, the directors are confident of record profits for the full year. Last year's pre-tax figure was a best-ever £6.81m.

The interim dividend is in effect raised from 0.575p to 0.67p net—the previous total was 2.175p *after allowing for the one-for-one scrip issue.*

First-half net profits were up from £1.83m to £2.5m, after tax of £1.59m (£1.32m). The dividend absorbs £279,000 (£91,000 after waivers of £149,000).

Mr McCarthy says the group has maintained its position as market leader in the provision and management of sheltered accommodation for the elderly and is currently working on a record number of developments.

Investment in the first nursing home projects — at Bexhill-on-Sea and Upton on the Wirral — continues in line with programme, with *first occupations due at* Bexhill later this year.

The group has expanded significantly in the last four years and has formed five divisions, operational from September, to maximise opportunities *in care for the* elderly.

● comment

Strong forward sales and high margins are what gives McCarthy and Stone its allure — along with its proposed "art deco" head office presently under construction in Bournemouth. The sheltered homes for the retired provided by the company are aimed at the elderly home-owner who is in the position to sell up, use part of the equity to buy a home and the rest to cover the charges implied by the term sheltered. It has been a recipe for success — margins are around 30 per cent (interest included) and the plan is to double starts from the current 3,000 a year level to 6,000 within five years. The divisional structure that is being put into place could turn up some tax benefits—although the international activities seem a little uncertain. Such is the demand for this service oriented housing that unit prices have increased in the half by 16 per cent — well ahead of building costs. The loss of a month or so of construction activity this year due to the poor weather could hold completions down to 1,300 but even on that basis the market is looking for pre-tax profits of £10.5m, giving a prospective multiple of just over 13 (tax charge 40 per cent). This is high for the construction sector and the rating at 210p is well supported by the good demand for the group's products.

Stanhope swaps 32% stake for £10m loan

Kleinwort Benson Investment Management, Globe Investment Trust and Robert Fleming Investment Management have between them subscribed for a £10m loan to Stanhope Securities in return for a 32 per cent stake in the shares of Stanhope.

Stanhope is the private company set up by Mr Stuart Lipton when he left Greycoat Estates. Its major project is the 1.3m sq ft, £250m Liverpool Street/Broad Street redevelopment now known as Broadgate, being carried out with British Rail by Rosehaugh Stanhope Developments in which Stanhope has a 50 per cent interest.

Other Stanhope interests include project management of the Stockley Park redevelopment at Heathrow Airport.

Security Pacific Corporation has announced that it is taking 150,000 sq ft in the first phase of the Broadgate scheme.

Fergabrook diversifies via £5.4m DIY purchase

BY LIONEL BARBER

Fergabrook, the toy and toiletries distributor, yesterday said it was buying an 80 per cent interest in TriTrade, the DIY and garden products wholesaler, in a deal worth about £5.4m.

The acquisition, aimed at reducing Fergabrook's dependence on the toy market, will add £50m to its sales and boost staff from the present 43 to almost 700.

"This is a significant deal which will widen our product base and boost our sales force," said Mr Stephen King, Fergabrook's chairman, yesterday.

Fergabrook, which joined the Unlisted Securities Market last *September, has seen turnover* rise from £4.3m to £19.8m in the last five years. Pre-tax profits have risen from £138,000 to £2.58m, mainly on the back of its successful distribution of A-Team toys from California.

Last December, in a shares *deal, it* acquired Clifford B. McGuire, distributor of watches, perfumes, cosmetics and jewellery to airlines and shipping companies in the UK and Europe.

TriTrade is a subsidiary of Combined Technologies Corporation (ComTech) the listed company specialising in developing optical tape and disc storage devices. It serves some 3,500 independent retailers, including multiple chains such as W. H. Smith, B & Q, Fine Fare and Texas Homecare.

In 1984, TriTrade produced pre-tax profits of £574,000 on turnover of £52m. Latest unaudited accounts show that pre-tax profits have dropped to £303,000, before charging extraordinary items of £219,000.

The latest, disappointing figures are due to write-offs involving heavy promotional spending on leisure products which have subsequently been curtailed, according to TriTrade directors.

Fergobrook's move came as TriTrade's management was preparing a management buy-out. Three of TriTrade's directors, who are staying with the business, will retain a 20 per cent equity stake.

Fergabrook is to acquire the whole issued share capital of TriTrade for about £5.4m, with £3.7m accounting for the issued share capital and £1.7m for the net amount of indebtedness to Comtech. That represents a £2.6m discount on TriTrade's net asset value.

Fergabrook will finance the acquisition through a vendor placing of about 7.75m shares at 75p through merchant bankers Hill Samuel and brokers Wood Mackenzie. The new shares represent 46 per cent of the issued share capital of Fergabrook.

Three TriTrade directors, Mr A. T. Copsey, commercial director, Mr H. Davies, sales director, and Mr S. Nobbs, finance director, are to hold 20 per cent of Tritrade, with Fergabrook owning the balance.

The remaining directors, Mr P. J. Sullivan and Mr M. D. Harrison, are to receive sub*stantial* compensation from Comtech, under their service agreements. Mr King is to become chairman of TriTrade, while two other Fergabrook directors are to join the board.

Both TriTrade and Fergabrook directors hinted yesterday that they *intended to rationalise* TriTrade's 13 distribution outlets in England and Northern Ireland, with the likelihood of some job losses.

"Inevitably there will be some casualties," said Mr Nobbs, though he declined to elaborate on numbers.

MINING NEWS

Wankie sales down on forecast

BY GEORGE MILLING-STANLEY

THE NEXT two years are likely to be difficult for Wankie Colliery, according to Mr D. D. *Kadenhe, chairman of the Anglo* American Corporation's big coal producer in Zimbabwe.

The company *is* faced with the immediate prospect of a continued low level of demand by the Hwange power station, which was damaged in an explosion a year ago. Next year the station will have to cope with the disruption of rebuilding its ageing coke ovens, which are in such poor condition that at the year-end less than half of the 32-oven battery was working.

Mr Kadenhe stressed the importance to Wankie of the rapid restoration *of full* power generation. The building of the power station was central to the planning of the Z$120m (£63m) open-cast extension at the colliery.

Following the accident, which *stopped power generation* between March and August, Twange took only 300,000 tonnes of coal last year, compared with estimates of more than 1m tonnes. The colliery is expected to supply 600,000 tonnes in 1985.

Wankie made net profits of Z$4.5m in 1984, compared with Z$3.8m the year before. Mr Kadenhe said that the results were reasonably satisfactory in the circumstances.

He added that the steep rise in the value of the U.S. dollar relative to the local currency was leading to strains on the company's finances. It was increasing the Zimbabwe dollar value of outstanding loans from outside the country. This, he said, will have to be taken into account in negotiations with the Government over new coal prices.

Renco gold boosts Riozim

HIGHER ORE grades and recoveries from the Renco gold mine led to a sharp improvement in first-quarter net profits of Rio Tinto Zimbabwe (Riozim), which is 58.4 per cent-owned by Rio Tinto-Zinc. Attributable profits for the three months to March 31 reached Z$2.04m ($1.1m), against Z$1.4m in the first quarter of 1984.

The improvement came in spite of a fall in the contribution from extraordinary credits relating to the sale of equipment from the Empress nickel operations. That accounted for Z$35,000 in the latest quotes, compared with Z$671,000 in the previous period.

Mr Douglas Sagonda, Riozim's chairman, told the annual meeting that the performance during the first quarter reinforced his prediction that the company should be able to improve earnings this year.

He did point out, however, that the excellent showing from Renco should be regarded as a windfall, and could not be expected to recur in the remainder of the year.

The increased recoveries followed the successful commissioning of the new ball mill, and should continue. But high ore grades, in the areas being worked, were the main determinant of Renco's performance.

Mr Sagonda added that the company's other gold mines, at Brompton and Patchway, performed close to plan, although there had been problems with interruptions to power supplies and poor grades.

Refurbishing work at the base metals refinery at Eiffel Flats was proceeding well, Mr Sagonda added. "It was not possible, though, to set a date for the proposed resumption of operations using material from BCL in Botswana, until that company had completed its arrangements."

Blue Circle ex-board member gets £76,000

The 1984 annual report and accounts of Blue Circle Industries, published yesterday, reveals a £76,000 payment as compensation to Mr David Baird for his premature departure from the board last year.

Mr John D. Milne, chairman and group managing director, said yesterday that Mr Baird's contract—he was executive director responsible for investments in the U.S. and Latin America—had been terminated by agreement with some two years to run. He was replaced by a younger man, Mr David Poole, previously his deputy. Mr Baird is 60.

FINANCIAL TIMES
Tuesday May 21 1985

Copper prices fall as stockpiles grow, Page 44

WALL STREET

Rate cuts spur move to peaks

SPURRED BY the Federal Reserve's cut in the discount rate, and by prime rate reductions by the major banks, stock prices on Wall Street moved to peaks in early trading, *writes Terry Byland in New York.*

Stocks quickly gained more than 19 points, taking the Dow Jones industrial average through its previous closing peak and above the 1,300 mark briefly pierced in March.

At 3pm the Dow Jones industrial average was up 19.88 at 1,305.22.

Turnover was extremely heavy and the advance quickly spread throughout the market as hopes of lower interest rates spread.

By mid-session advances led declines by about eight to one. Both the NYSE and Standard & Poor's 500 index also touched new peaks.

Friday's decision by the Federal Reserve to cut its discount rate from 8 per cent to 7.5 per cent set the stage for today's meeting of the Fed's Open Market Committee (FOMC). A dip in the federal funds rate to 7⅝ per cent strengthened hopes that the FOMC will vote for a further easing in credit policies.

Bond prices jumped by a full point initially but topped off as the dollar rallied in the foreign exchange markets. Yields on long-dated federal bonds fell to around 10.83 per cent.

Blue-chip industrial stocks opened strongly, and there were also gains in such interest rate sensitive sectors as banks, insurance groups und utilities.

IBM traded $1¼ up at $132, and Burroughs advanced $1⅜ to $65½.

Motor stocks responded quickly to expectations that lower interest rates will strengthen sales. At $69⅞, General Motors gained $1, Ford added $¾ to $42¼ and Chrysler $¼ to $36⅛.

Retail issues also moved higher in response to lower interest rates. May Department Stores at $49⅝ gained $1¼ and American Stores $1½ to $57½. First-quarter figures left K mart $1⅛ better at $37⅝, but Carter Hawley Hale $⅛ easier at $28½.

Among banks, Chase Manhattan stood out with a gain of $1⅛ to $60⅝, as did J.P. Morgan, $1¼ higher at $52¾. The banks have been benefiting from lower money market rates over the past weeks.

In chemicals, Du Pont at $59⅞ gained $1⅛. Pharmaceuticals, responding strongly to a weaker dollar which helps their substantial overseas sales, saw Pfizer, $1¾ up at $49⅞ and Merck $1⅞ higher at $105⅞.

Airline stocks strengthened, with the exception of United, $⅝ down at $46⅝ as the pilots' strike talks commenced. Heavy turnover lifted Pan American by $¼ to a new 52-week high of $6⅛.

Unocal stock failed to open for trading as the board said it was in talks with Mesa Petroleum, after a Delaware court upheld Unocal's decision to exclude Mesa from the proposed stock buyback.

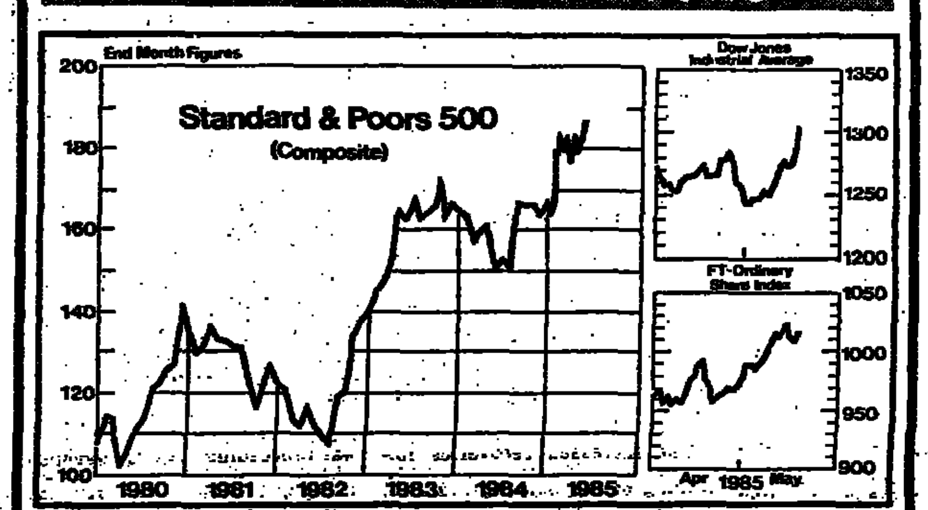
The response to the discount rate cut overshadowed other features in the market. Loews Corporation added $⅝ to $50⅛ after a 1.1m share block was crossed in the market at $50.

In the credit markets, short-term rates continued to fall, spotlighted by a drop of nearly 30 basis points in certificate of deposit rates in response to the prime rate reductions throughout the banking sector. With a heavy weight of short-term Treasury funding due this week, falls in Treasury Bill rates were restricted to about 5 basis points.

The bond market took its cue from the *foreign exchange markets, where* an early plunge in the dollar sent bond prices soaring. Later, gains were trimmed to show net rises of just under 1 point at the longer end of the market.

Canadian stockmarkets were closed for the Victoria Day national holiday.

KEY MARKET MONITORS



STOCK MARKET INDICES

	May 20	Previous	Year ago
NEW YORK			
DJ Industrials	1,305.22*	1,285.34	1,133.79
DJ Transport	628.54*	622.56	474.59
DJ Utilities	164.91*	164.75	127.31
S&P Composite	189.82*	187.42	155.78
LONDON			
FT Ord	1,016.0	1,008.3	876.2
FT-SE 100	1,330.8	1,327.4	1,104.9
FT-A All-share	639.68	637.91	520.86
FT-A 500	700.92	699.32	571.18
FT Gold mines	489.5	484.1	662.4
FT-A Long gilt	10.73	10.82	10.60
TOKYO			
Nikkei-Dow	12,559.1	12,419.9	10,126.8
Tokyo SE	986.07	974.85	797.83
AUSTRALIA			
All Ord.	904.6	900.7	725.5
Metals & Mins.	583.8	579.2	483.4
AUSTRIA			
Credit Aktien	94.47	93.68	54.79
BELGIUM			
Belgian SE	2,236.51	2,237.72	—
CANADA			
Toronto			
Metals & Minls	closed	2,040.6	1,941.0
Composite	closed	2,723.2	2,242.7
Montreal			
Portfolio	closed	134.11	108.26
DENMARK			
Copenhagen SE	N/A	189.01	193.06
FRANCE			
CAC Gen	221.9	221.1	176.3
Ind. Tendance	123.2	123.2	90.9
WEST GERMANY			
FAZ-Aktien	437.06	432.35	345.62
Commerzbank	1,278.8	1,264.7	1,004.8
HONG KONG			
Hang Seng	1,638.47	1,647.88	895.73
ITALY			
Banca Comm.	317.40	317.51	206.80
NETHERLANDS			
ANP-CBS Gen	207.8	207.8	165.7
ANP-CBS Ind	170.5	171.1	132.5
NORWAY			
Oslo SE	336.73	332.37	289.36
SINGAPORE			
Straits Times	828.96	822.3	946.8
SOUTH AFRICA			
JSE Golds	—	1,075.5	940.8
JSE Industrials	—	932.1	975.0
SPAIN			
Madrid SE	110.67	110.99	85.77
SWEDEN			
J & P	1,417.55	1,401.95	1,497.13
SWITZERLAND			
Swiss Bank Ind	432.3	431.1	377.4
WORLD	May 17	Prev	Year ago
Capital Int'l	209.7	207.8	181.8

GOLD (per ounce)

	May 20	Prev
London	$323.25	$322.50
Zürich	$323.75	$322.45
Paris (fixing)	$323.95	$318.46
Luxembourg	$324.50	$319.80
New York (June)	$316.30*	$321.00

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR May 20	U.S. DOLLAR Previous	STERLING May 20	STERLING Previous
$	–	–	1.2825	1.265
DM	3.034	3.0685	3.8925	3.8825
Yen	249.6	250.65	320.0	317.0
FFr	9.26	9.37	11.845	11.8675
SwFr	2.5625	2.5825	3.27	3.27
Guilder	3.428	3.4775	4.3975	4.3975
Lira	1,937.0	1,967.0	2,484.5	2,485.0
BFr	60.95	62.4	78.2	78.6
C$	1.3668	1.373	1.756	1.7345

INTEREST RATES

	May 20	Prev
Euro-currencies (3-month offered rate)		
£	12 11/16	12¾
SwFr	5 5/16	5¾
DM	5½	5⅝
FFr	10 9/16	10 9/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	8 1/16	8 5/16
6-month U.S.$	8 5/16	8½
U.S. Fed Funds	7⅝*	8
U.S. 3-month CDs	7.6*	7.9
U.S. 3-month T-bills	7.25*	7.49

U.S BONDS

Treasury	May 20* Price	May 20* Yield	Prev Price	Prev Yield
9¾ 1987	101 5/32	9.081	100 27/32	9.295
11¼ 1992	108 18/32	10.632	105 9/32	10.62
11¼ 1995	104 9/32	10.566	102 15/32	10.84
11¼ 2015	103 23/32	10.828	101 21/32	11.04
Corporate	May 16*		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	99½	10.50	99½	10.50
3⅝ July 1990	78⅜	9.25	78⅜	9.25
8¾ May 2000	80½	11.50	80½	11.50
Xerox				
10⅜ March 1993	96⅜	11.25	96⅜	11.25
Diamond Shamrock				
10¾ May 1993	96¼	11.35	96¼	11.35
Federated Dept Stores				
10⅜ May 2013	80½	11.50	80½	11.50
Abbot Lab				
11.80 Feb 2013	100	11.80	100	11.80
Alcoa				
12¼ Dec 2012	99.213	12.35	99.213	12.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	75–14	75–27	74–28	73–28
U.S. Treasury Bills (IMM) $1m points of 100%				
June	92.75	92.80	92.70	92.54
Certificates of Deposit (IMM) $1m points of 100%				
June	92.27	92.29	92.19	91.99
LONDON				
Three-month Eurodollar $1m points of 100%				
June	91.96	91.97	91.91	91.64
20-year Notional Gilt £50,000 32nds of 100%				
June	105–30	105–30	105–06	104–28

COMMODITIES

(London)	May 20	Prev
Silver (spot fixing)	509.10p	510.90p
Copper (cash)	£1,168.50	£1,186.50
Coffee (July)	£2,055.00	£2,084.00
Oil (spot Arabian light)	$26.725	$26.95

LONDON

Encouraged by a revival in gilts

GILT-EDGED stocks, previously out of favour in London, responded strongly to the sharp rise in the exchange rate and lent support to leading shares.

Enthusiastic institutions took longer-dated gilts 1¼ point basis points higher, while shorts gained about 5/16.

The FT Ordinary share index closed 7.7 up at the day's high of 1,016.

Equities opened the session rather cautiously, reflecting the effects of the pound's strength on international stock earnings.

Some of the early nervousness was also attributed to fears that an examination by Oftel – the UK regulatory body for the communications industry – of the proposed purchase of Canada's Mitel by British Telecom could trigger an investigation by the Office of Fair Trading.

Chief price changes, Page 36, Details, Page 37, Share information service, Pages 38–39

AUSTRALIA

GOLDS led the way in an active Sydney where prices rebounded from Friday's technical decline to finish at record highs.

The gold index rose above 1,000 for the first time, adding 15.8 to 1,001.6. The All Ordinaries index was also higher, up 3.9 at 904.6.

Gold Mines of Kalgoorlie put on 30 cents to A$10.60, Central Norseman was 26 cents higher at A$9.60 and both Bougainville and Poseidon added 5 cents to A$2.40 and A$4.45, respectively.

In banks, Westpac rose 10 cents to A$4.25 following higher half-year profits, while ANZ shed 4 cents to A$4.86.

HONG KONG

A CUT in local interest rates in Hong Kong during the weekend was largely discounted and shares eased across the board on profit-taking.

Despite a government auction at well above market expectations of prime commercial land, property stocks drifted lower. Cheung Kong lost 20 cents to HK$16.90, Hongkong Wharf was unchanged at HK$6.55 and Hongkong Land shed 5 cents to HK$5.95.

Among other blue chips, Jardine Matheson was 20 cents lower at HK$11.50 and both Swire Pacific A and Hutchison Whampoa shed 30 cents to each end at HK$24.20.

SINGAPORE

SELECTIVE and *speculative* buying helped Singapore to rise, bolstered by a cut in prime lending rates by some local banks and despite lower economic growth figures.

The Straits Times industrial index firmed 6.66 to 828.96.

Attention centred on blue chips with Genting 10 cents higher at S$6.45 and Sime Darby 8 cents ahead at S$2.16.

In banks, both DBS and OCBC rose 5 cents to S$6.40 and S$9.55 respectively.

Hotels, properties and commodities also *showed* slight gains, while financials were unchanged to higher.

SOUTH AFRICA

SENTIMENT was boosted in Johannesburg by the Reserve Bank's reduction in its base discount rate, which was rapidly followed by cuts in prime lending rates at *several* banks.

Golds gained strongly with Vaal Reefs up R3.50 at R193 and Loraine 45 cents higher at R10.25.

Elswhere, diamond share De Beers added 5 cents to R10.80 and Anglo American put on a similar amount to R29.

EUROPE

Frankfurt spearheads advance

INVESTORS in most European bourses yesterday *warmly* welcomed *last Friday's* decision by the U.S. Federal Reserve to cut its discount rate.

Frankfurt was singled out for most support. Led by rallies in the automotive *and banking* sectors, the Commerzbank index reached its second successive peak with a 14.1 rise to 1278.8.

The Fed's action was interpreted as widening the Bundesbank's room to manœuvre with domestic interest rates, possibly allowing the central bank to drop key lending rates.

Foreign buying coupled with support from domestic banks helped reinforce the general confidence, although late profit-taking pulled prices down from their highs for the day.

Among the banks, Deutsche closed DM 6.40 higher at DM 482.70, Dresdner rose DM 3.90 to DM 225.2 and Commerzbank firmed DM 6 to DM 181.

BMW featured among the car makers, ending at its peak for the day – up DM 9.50 at DM 372.50 – despite news of lower first-quarter BMW car registrations. Volkswagen followed with a DM 8.80 advance to DM 241.80, although Porsche *eased DM 10 to DM 1,175.*

The *favourable* profit *outlook* for chemical companies continued to underwrite investor backing. BASF closed DM 3 higher at DM 213.50, Bayer DM 3.70 up at DM 224.50 and Hoechst added DM 3.10 to DM 226.30.

Engineering stocks failed to share the support and most closed down. KHD fell DM 4.50 *to DM 243, although Linde* moved against the trend with a DM 8.50 rise to DM 446.

Bond prices also responded positively to the Fed's discount rate cut, closing higher in lively trading. The U.S. dollar's decline also lifted the tone.

Trading in **Zurich** was the most active for several weeks. Banks and insurance *companies posted especially sharp gains* on speculation of falling interest rates with foreign buyers in evidence.

Swiss Re stood out with a SwFr 575 improvement to SwFr 12,260, while Winterthur climbed SwFr 295 to SwFr 5,270 and Zurich Insurance SwFr 175 to SwFr 5,500.

Prominent among the banks were Crédit Suisse up SwFr 70 to SwFr 2,580, Bank Leu SwFr 40 *higher* at SwFr 3,740 and Dow Banking SwFr 20 ahead at SwFr 1,150.

In **Brussels**, turnover rose sharply as traders reacted to news of a reduction in the country's official discount rate. Holdings companies, banks and utilities gained the best support. Petrofina, the nation's largest industrial company, surprisingly failed to follow the pattern and closed BFr 50 lower at BFr 6,800.

Key market indicators in **Amsterdam** hovered around their peaks for the year, although there was a much narrower margin between advances and declines than in other markets.

Many stocks rose in late trading, helped by Wall Street's brisk opening. Unilever, which was down earlier, firmed to finish Fl 1 higher at Fl 342, a trend followed by Royal Dutch up Fl 6.30 at Fl 203.7 and KLM Fl 1 firmer at Fl 59.60.

Hopes of lower interest rates backed a surge on the bond market.

Domestic considerations steered the course of trading in **Stockholm** as the end of the 18-day civil servants' strike brought last week's steep decline to an abrupt halt.

The Veckans Affarer index added 3 to 481.4 which advances holdings a 87 to 44 *advantage over declines.*

The diversified Gambro group was the most active stock and closed up SKr 4 to SKr 85, while Electrolux was also heavi*ly traded to firm SKr 1 SKr 302.*

Volvo moved against the trend before Wednesday's annual meeting, when its first-quarter results will be announced, and eased SKr 3 to SKr 240.

In a technical reaction to 10 days of successive rises, **Paris** registered modest losses in most sections, although volume was thin.

Michelin traded independently of the market's general mood and firmed FFr 26 higher at FFr 960 in continued reaction to last week's profit announcement.

Mild profit-taking in **Milan** made inroads on last week's strong improvement. The most notable losses included Pirelli, down L49 to L2,460, and Olivetti L6 lower at 6,550. Montedison firmed a further L16 to L1,694.

Madrid fell in thin trading, although the banking sector recorded a marginal gain.

TOKYO

Selective buying on firmer yen

ENCOURAGED by the yen's firmness against the U.S. dollar, buying interest centred on electric utilities, trading houses and asset-rich stocks to send share prices moderately higher in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average gained 42.96 points from last week's close to 12,559.10. Advances outnumbered declines by 453 to 310, with 148 issues unchanged. Trading was relatively heavy at 442m shares, down from 589.65m last Friday.

The U.S. Federal Reserve Board's cut in *the official discount rate* by 0.5 per cent to 7.5 per cent on Friday caused the yen to gain strength in Tokyo, breaking the barrier of Y250 to the U.S. dollar. Investors were also looking for domestic interest rates to fall further.

However, the market was generally dull as some incentive-backed issues, such as Asahi Chemical Y34 lower at Y366, and Nippon Yusen, *down* Y6 at Y280, which acted as prime movers last week, fell to profit-taking.

Electric utilities and gas issues, which are expected to benefit from fuel costs, fared well. Tokyo Gas topped the most active list with 24.32m shares changing hands, but it closed Y3 lower at Y210.

Asset-rich stocks attracted strong buying interest. Nippon Express, the second busiest issue with 19.56m shares traded, rose Y8 to Y384. Tobu Railway, the fifth with 12.78m shares, advanced Y3 to Y286 and Tokyo Corp. Y8 to Y395.

Bond prices firmed, bolstered by mounting investor expectations that the Fed's discount rate cut would lead to lower domestic interest rates. Trading centred on 7.0 per cent government bonds due in June 1994, with the yield declining sharply to 6.700 per cent from Saturday's 6.740 per cent.

The yield on the benchmark 7.3 per *cent bonds maturing in December* 1993 remained unchanged at 6.665 per cent, while that on 6.8 per cent bonds, now replacing the 7.3 per cent bonds as the benchmark issue, rose from 6.625 per cent to 6.640 per cent.

Prices at 3pm, May 20

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.48	2.7	13	137	17½	17¼	17½	+½
18½	9⅝	AGS			12	161	14¾	14	14	−½
21½	13¾	AMF	.50	2.7	54	722	18⅞	18⅝	18¾	
46	24¼	AMR			11	4701	u47	45⅞	47	+1⅛
21⅜	18⅝	AMR pf2.18		10.		413	21¼	20⅞	21¼	+½
23	19	ANR pf 2.12		11.		2	19¾	19¾	19¾	
14¼	7¾	APL				16	9	8⅞	8⅞	+⅛
65¼	44⅜	ASA		24.0		1196	50⅞	49⅞	50	−⅛
27	14⅛	AVX	.32	2.1	12	138	16	15⅛	15⅛	−⅝
24⅞	16	AZP	2.72	11.	7	1557	u25¼	24¼	24¼	+⅛
54	36¼	AbtLab 1.40		2.6	18	1388	u54⅜	53⅞	54	+½
25⅞	17	AccoWd .44		2.0	17	62	21¾	21½	21¾	+½
20¾	12½	AcmeC .40		2.7		21	14¾	14½	14¾	+¼
10½	7⅝	AcmeE .32b		4.0	10	37	8⅛	8	8	−⅛
17⅝	15	AdaEx 1.92e		11.		146	17¼	17	17⅛	+⅛
20	11⅞	AdmMl .32		2.0	7	31	16	15½	16	+⅜
19½	8⅝	AdvSys .53t		4.9	18	39	11	10¾	10⅞	+¼
41⅛	25⅛	AMD			13	3987	30	29¼	29⅞	+⅝
12¾	6⅞	Advest .12		1.2		222	9⅞	9⅝	9¾	+¼
14⅝	8¾	Aerflex			11	132	12½	12¼	12¼	−¼
46½	27¼	AetnLf 2.64		5.7	34	3191	u46⅝	46	46	
58¼	52⅜	AetL pf5.83e		10.		67	56	55⅞	56	+¼
36	15¾	Ahmns 1.20		3.4	14	1274	36	35¼	35½	+⅛
3⅝	2½	Aileen			22	23	3	2⅞	2⅞	
52½	38⅝	AirPrd 1.20		2.3	12	1038	u53¼	52⅝	52⅝	+⅛
24⅜	13	AirbFrt .60		2.8	12	279	22⅛	21⅝	21⅝	+¼
2	1	AlMoa s			25	109	1¾	1⅝	1¾	+⅛
27⅜	21	AlaP pf2.92e		11.		170	27⅜	27⅜	27⅜	
33	26¾	AlaP pfA3.92		12.		26	u33⅛	32¾	33	
8	6	AlaP dpf.87		11.		33	8	7¾	7⅞	
75½	61½	AlaP pf 9		12.		z610	u76	75¼	76	+1
68	56	AlaP pf 8.28		12.		z100	u68½	68½	68½	+1
[illegible]										

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AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, May 20

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7¼	3⅞	ADI	n		22	76	5⅜	5¼	5⅜	+⅜
16⅛	8¼	AL Lab	.20	1.3	14	69	15⅞	15¾	15⅞	+⅛
22⅝	12	AMC n	.12	.7	14	11	18⅛	18	18⅛	−¼
5⅞	2⅜	AM Intl				501	4⅛	4	4	
83½	58	ATT Fd	5.07e	6.0		67	u84	83¾	84	+½
13⅝	8½	AcmeU	.32	3.2	19	13	10¼	10⅛	10⅛	
18¼	9⅝	Action			32	147	11⅛	10¾	10¾	
7⅛	3	Acton				108	3⅞	3⅝	3⅝	
2	5-16	Actn wt				17	7-16	7-16	7-16	+⅛
3⅝	1½	AdmRs			3	16	2⅛	2⅛	2⅛	+⅛
30¼	17¼	AdRusl	.14	.5	20	70	29⅛	28¾	29	+¼
23⅜	15	Adobe	.28	1.5	12	20	18⅜	18⅛	18¼	+⅛
8⅜	4½	Aeronc			13	61	5½	5¼	5¼	−¼
46¼	27⅜	AfilPb s	.60	1.3	20	1	45¼	45¼	45¼	+¼
9¾	5¾	AirExp				32	6¼	6⅛	6⅛	−¼
11⅛	5⅞	AirCal			14	240	9⅞	9⅝	9¾	+⅛
12	9¾	ArCal pf				351	12	11⅝	11¾	
4¾	1	Alamco			31	318	1⅜	1⅛	1¼	−⅛
101	65½	Almito n			10	22	96¼	95⅝	95⅞	
10¼	6⅜	AlbaW			35	37	7⅜	7¼	7⅜	
8½	5⅝	Aloha				10	6¾	6⅝	6⅝	
19	9½	Alphaln	.05	.5	21	107	11⅛	10⅞	11	−¼
1	9-16	Altex				824	¾	11-16	¾	+1-16
38	26⅝	Alcoa pf	3.75	11.		z100	35	35	35	
26⅛	11	AlzaCp			43	118	24¾	23⅞	23⅞	−½
18⅛	9½	Amdahl	.20	1.4	18	1224	14¼	14	14⅛	+⅝
15⅞	6½	Amedco	.08	1.1		106	7¼	6⅞	7¼	+½
10	4⅞	AmBlt	.15	1.5	6	183	u10⅛	9⅞	10	+⅛
7⅜	4	AmCap			16	80	u	7½	7	7½
44⅞	33	AContrl	1	2.3	13	x2	43½	43½	43½	−¼
37	12¼	AExp wt				146	u37½	36⅞	37¼	+¾
9	5⅝	AFruc A			13	z1200	6¾	6⅝	6¾	+⅛
9	5⅝	AFruc B			12	z1500	6	5⅞	6	+¼
12¼	7¼	AHlthM			12	222	10⅛	9¾	9¾	−¼
6	4	Alsrael			2	1	7	7	7	
19⅞	12⅝	AMzeA	.52	3.6	32	12	14⅝	14⅝	14⅝	−¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30½	17	WmCm				1850	28¼	27¼	28	−⅛
39⅝	28¾	WarnrL	1.48	3.7	14	4592	u40½	39¾	40¼	+1
20¾	14¾	WashGs	1.68	7.7	8	275	u21⅝	20¾	21½	+⅞
26¼	15⅝	WshNat	.08	4.1	6	170	26½	26	26⅜	+⅝
22⅞	16	WshWt	2.48	11.	8	288	22⅞	22⅝	22⅝	
55⅞	27¼	Waste	.80	1.4	19	1802	u56⅞	55⅝	56⅞	+1⅛
28¾	20	WatkJn	.36	1.4	11	252	26¼	24½	26⅛	+1⅝
12½	4	WeanU				19	9⅛	9	9	+⅛
12¼	10	Wean pf	.31k			2	12	11¾	12	+⅝
23⅜	12⅛	WebbD	.20e	.9	15	781	21⅞	21⅝	21¾	+⅜
40	29⅞	WeisMk	.70	1.8	14	21	38½	38¼	38½	+¼

Continued on Page 36

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

May 20	Price Sch%	+ or —
Creditanstalt	333	+6
Goesser	625	+25
Interunfall	1,000	+40
Laenderbank	315	+7
Perlmooser	560	+20
Steyr-Daimler	195	—7
Veitscher Mag	500	......

BELGIUM/LUXEMBOURG

May 20	Price Frs.	+ or —
B.B.L.	1,945	......
Banq. Int. A. Lux	6,000	......
Bekaert B	6,500	......
Ciment CBR	2,800	—15
Cockerill	230	—2
Delhaize	6,550	......
EBES	2,800	—20
Electrobel	8,340	+30
Fabrique Nat	1,880	—5
GB Inno BM	3,140	+15
GBL (Brux)	1,900	+15
Gevaert	3,660	+25
Hoboken	5,610	+10
Intercom	2,260	+10
Kredietbank	8,320	+10
Pan Hldgs	11,000	......
Petrofina	3,625	......
Royale Belge	11,600	+50
Soc. Gen. Banq	3,290	......
Soc. Gen. Belge	1,945	+15
Sofina	6,900	—10
Solvay	4,260	—20
Stanwick Intl.	1,640	......
Tractionel	3,915	+10
UCB	4,925	......
Wagon Lits	3,120	+75

DENMARK

May 20	Price Knr %	+ or —
Andelsbanken	296	—1
Baltic Skand	535	......
CopHandelsbank	275xr	—2
D. Sukkerfab	515	—5
Danske Bank	308	—1
De Danske Luft	1,145	+20
East Asiatic	217	—3
Forenede Brygg.	990	......
Forenede Damp.	136	+1
GNT Hldg	394	......
I.S.S.B.	485	+8
[illegible]		

FRANCE

May 20	Price Frs.	+ or —
[illegible]		

GERMANY

May 20	Price Dm.	+ or —
AEG-Telef	113.5	—2.8
Allianz Vers	1278xr	+24
BASF	213.5	+3
Bayer	224.5	+3.7
Bayer-Hypo	341	+6
Bayer-Verein	344.0xd	+9.6
BHF-Bank	305	+11
BMW	372.5	+9.5
Brown Boveri	210	+1.5
Commerzbank	181	+6
Cont'l. Gummi	138.5	+0.5
Daimler-Benz	728	+4
Degussa	344.5	+1.5
D'sche Babcock	162.5	—3
Deutsche Bank	482.7xd	+7.4
Dresdner Bank	225.2xd	+3.9
GHH	146	—3.5
Hochtief	480	......
Hoechst	226.3	+3.1
Hoesch Werke	109.5	+0.2
Holzmann (P)	425	—8
Horten	172	+2.5
Hussel	297	+4
Karstadt	326.0	+1
Kaufhof	234	+4.2
KHD	243.0	—4.5
Kloeckner	70.0	—1.8
Linde	446.0	+8.5
Lufthansa	192	+2
MAN	155	+7
Mannesmann	156.0	—1.8
Mercedes Hld	632.5	+1.5
Metallgesel	253.1	+2.6
Munech Rueck	1,380	—15
Nixdorf	588	+1.5
Porsche	1175	—10
Preussag	274	+0.5
Rhein West Elect	164.8	+0.8
Rosenthal	258	+1
Schering	464	+9
Siemens	549.1	+3.1
Thyssen	105.3	+0.4
Varta	205	+3
Veba	185.8	+3.1
V.E.W.	130.0	+0.5
Verein-West	318	+3
Volkswagen	241.8	+8.8

ITALY

May 20	Price Lira	+ or —
Banco Com'le	19,200	—300
[illegible]		

NETHERLANDS

May 20	Price Fls.	+ or —
[illegible]		

NORWAY

May. 20	Price Kroner	+ or —
Bergens Bank	145.5	+0.5
Borregaard	389	+11.5
Christiania Bank	140.5	......
DenNorske Cred	148	—1
Elkem	147	+2
Kvaerner	164.5	+4.5
Norsk Data	405	+9
Norsk Hydro	112.5	+0.5
Storebrand	265	+2.5

SPAIN

May 20	Price Pta%	+ or —
Bco Bilbao	345	+1
Bco Central	322	......
Bco Exterior	209	......
Bco Hispano	160	......
Bco Popular	367	+5
Bco Santander	362	......
Dragados	161	—3
Hidrola	64.2	—0.5
Iberduero	93.5	—1.2
Petroleos	150.7	+2.2
Telefonica	120.0	—1.2

SWEDEN

May 20	Price Kronor	+ or —
AGA	395	+10
Alfa-Laval	186	—6
ASEA (Free)	330	+5
Astra (Free)	435	+15
Atlas Copco	115	+5
Cardo (Free)	245	—5
Cellulosa	117	—1
Electrolux B	302	+1
Ericsson	290	+5
Esselte	402	+2
Mo och Domsjo	230	+5
Pharmacia	189	+2
Saab Scania Free	485	......
Sandvik	395	......
Skandia	316	+1
Skan Enski'da	45	......
SKF	220	+1
St Kopparbergs	142	+1
Sven Handlesbn.	147	—1
Swelvosh Match	208	+2
Volvo B (Free)	240	—3

SWITZERLAND

May 20	Price Frs.	+ or —
[illegible]		

AUSTRALIA

May 20	Price Aust.$	+ or —
[illegible]		

AUSTRALIA (continued)

May 17	Price Aust.$	+ or —
Gen. Pro. Trust	2.32	......
Hardie (James)	3.22	—0.01
Hartogen Energy	3.3	+0.05
Herald W'yTimes	4.74	+0.04
ICI Aust	2.05	......
Jimberlana F.P.	0.39	+0.01
Kia Ora Gold	0.16	......
Lend Lease	7.16	+0.18
MIM	3.38	—0.04
Mayne Nickless	3.2	......
Myer Emporium	1.95	......
Nat. Aust. Bank	4.4	+0.07
News	7.8xc	+0.01
Nicholas Kiwi	1.92	—0.05
North Bkn Hill	2.74	+0.04
Oakbridge	1.02	+0.02
Pancont'l	2	+0.05
Pioneer Conc	1.76	+0.02
Poseidon	4.45	+0.05
Queensland Coal	1.69	+0.01
Reckitt & Coln	3.4	......
Repco	1.23	—0.02
Santos	6.22	—0.04
Smith (Howard)	4.7	......
Thos. Natwide	2	+0.02
Tooth	5.8	—0.02
Vamgas	4.6	......
Western Mining	4.45	—0.05
Westpac Bank	4.25	+0.1
Woodside Petrol	1.60	......
Woolworths	2.9	—0.28
Wormald Intl	3.57	—0.81

HONG KONG

May 20	Price H.K.$	+ or —
Bank East Asia	27.4	—0.65
Cheung Kong	16.9	—0.2
China Light	16.3	—0.2
Evergo	0.81	......
Hang Seng Bank	53.5	—0.65
HK Electric	8.45	—0.05
HK Kowloon Wh.	6.55	......
HK Land	5.95	—0.05
HK Shanghai BK.	8.4xa	......
HK Telephone	98	—1
Hutchinson Wpa	24.2	+0.3
Jardine Math	11.5	—0.2
New World Dev.	7.4	+0.15
Orient O'seas	2.15	—0.02
Oseas Trust Bk	3.15	—0.05
SHK Props	12.3	......
Shell Elect	1.33	—0.02
Swire Pac A	24.2	—0.3
TV—B	7.1	—0.1
Wheel'k Mard A.	7.25	......
Wheel'k M'time.	1.10	......
World Int. Hldns.	2.15	+0.05

JAPAN

May 17	Price Yen	+ or —
Ajinomoto	1,060	—10
Alps Electric	1,660	—10
Amada	990	—3
Asahi Chem	995	—34
Asahi Glass	875	+6
Bridgestone	530	+5
Canon	1,210	—20
Casio Comp	1,660	+10
Chugai Pharm	1,040	—10
Citizen	477	+2
Daiei	665	+10
Dai Nippon Ptg	1,030	+10
Daiwa House	622	—8
Ebara	417	—3
Eisai	1,410	......
Fanuc	8700xr	—60
Fuji Bank	1,560	......
Fuji Film	1,810	—30
Fujisawa	970	+4
Fujitsu	1,110	+20
Green Cross	2,650	—40
Hasegawa	416	+6
Heiwa Real Est	870	......
Hitachi	778	—2
Hitachi Credit	1,100	......
Honda	1,330	......
House Food	735	+10
Hoya	2,100	—20
Itoh (C)	388	+16
Ito. Yokado	2,630	—30
Iwatsu	940	......
JACCS	340	+4
JAL	7,120	—70
Jusco	790	+2
Kajima	308	......
Kao Soap	845	+5
Kashiyama	687	+2
Kirin	694	+1
Kokuyo	957	—3
Komatsu	436	+2
Konishiroku	670	+5
Kubota	341	—4
Kumagai	599	+1
Kyoto	4,940	+60
Maeda Const.	625	+3
Makino Milling	1,170	+10
Miyakita	1,020	......
Marubeni	322	+10
Marudai	572	+2
Marui	1,120	—30
MEI	1,500	+10
M'ta Elec Works	792	+32
M'bishi Bank	1,560	+10
M'bishi	563	+30
M'bishi E ect	388	+4
M'bshi Estate	672	—1

JAPAN (continued)

May 17	Price Yen	+ or —
MHI	273	......
Mitsui	361	+3
Mitsui Estate	755	+16
Mitsukoshi	544	+6
NGK Insulators	870	—3
Nihon Cement	298	+2
Nippon Denso	1,350	+30
Nippon Elect	1,080	+10
Nippon Express	384	+8
Nippon Gakki	1,610	+50
Nippon Kokan	152	+2
Nippon Oil	870	—5
Nippon Seiko	585	+5
Nippon Shimpan	580	—5
Nippon Steel	151	+2
Nippon Suisan	340	+5
NTV	10450	+50
Nippon Yusen	280	+6
Nissan Motor	610	+1
Nisshin Flour	534	+4
Nisshin Steel	169	—4
Nomura	1,120	+20
Olympus	1,360	+10
Orient Leasing	2,800	......
Pioneer	2,050	+50
Renown	671	+1
Ricoh	935	+35
Sankyo	1,150	+60
Sanyo Elect	440	+2
Sapporo	475	......
Sekisui Prefab	664	—6
Seven-Eleven	9,240	—10
Sharp	960	—5
Shimadzu	732	—3
Shionogi	721	+5
Shiseido	1,120	+10
Sony	4,060	—10
Stanley	855	—5
S'tomo Bank	1,780	+10
S'tomo Elect	845	+5
S'tomo Marine	640	+10
S'tomo Metal	149	—1
Taihei Dengyo	491	+4
Taisei Corp.	228	......
Taisho Pharm	1,110	—20
Takeda	865	......
TDK	5,310	—40
Teijin	438	—2
Teikoku	780	......
Tokio Marine	874	+10
TBS	825	—5
Tokyo Elect Pwr	1,930	+10
Tokyo Gas	210	—3
Tokyo Sanyo	687	+42
Tokyo Style	873	—8
Tokyu Corp	394	+8
Toppan Print	850	+2
Toray	470	......
Toshiba Elect	375	+9
TOTO	694	—1
Toyo Seikan	894	......
Toyota Motor	1,270	—0
Victor	1,840	+30
Wacoal	726	......
Yamaha	736	......
Yamanouchi	3,000	½
Yamazaki	672	—1
Yasuda Fire	488	+5
Yokogawa Bdge.	469	......

SINGAPORE

May 20	Price $	+ or —
Boustead Hldgs.	1.69	......
Cold Storage	2.55	—0.05
DBS	6.4	+0.05
Genting	6.45	+0.1
Haw Par. Bros	2.42	+0.11
Hong Leong Fin	2.96	—0.04
Inchcape Bhd.	2.42	+0.02
Keppel Shipyard	1.63	—0.06
Malay Banking	6.4	......
Malay Utd. Ind	2.6	+0.05
Multi Purpose	0.92	+0.01
OCBC	9.55	+0.05
OUB	3.64	—0.02
Public Bank	1.65	......
Sime Darby	2.16	+0.06
Singapore Press	6.10	......
Straits Trdg.	4.56	+0.02
Tat Lee Bk	2.85	+0.02
UOB	4.48	......

SOUTH AFRICA

May 20	Price Rand	+ or —
Abercom	1.60	+0.05
AE&CI	7.75	......
Allied Tech	60.5	......
Anglo Am Coal	45.5	......
Anglo Am Corp	29.0	+0.5
Anglo Am Gold	181.5	+2.5
Barclays Bank	18.50	+0.25
Barlow Rand	12.10	+0.15
Buffels	83	......
CNA Gallo	2.8	......
Currie Finance	4.25	+0.05
De Beers	10.60	+0.05
Driefontein	52.5	+0.5
FS Geduld	57.0	+1.5
Gold Fields SA	57.0	+0.5
Highveld Steel	4.05	......
Nedbank	13.75	—0.18
OK Bazaars	14.75	+0.25
Protea Hldgs	2.05	......
Rembrandt	37.5	......
Rust Plat	17.10	......
Safren	16.8	—0.1
Sage Hldgs	9.2	......
SA Brews	8.05	+0.10
Smith (AG)	25.25	+2.75
Tongaat Hulet	7.1	+0.1
Unisec	5.25	—0.05

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 40

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES		
Exch 1% 1989	£95	+⅝
Trs 14% 1998–01	£117¼	+1¼
Aberdeen Trust	191	+14
Barclays	388	+8
Blue Arrow	178	+18
Burnett & Hall	50	+10
Cocksedge	48	+9
Cole	180	+10
Debenhams	323	+15
Edinburgh Oil	63	+6
Etam	178	+13
Firstland Oil	255	+25
Ivory & Sime	132	+6
Lincroft Kil	185	+15
Meyer Int	142	+16
Micro Focus	375	+25
Nu-Swift Ind	67	+12
P & O Defd	373	+18
Plessey	174	+8
RMC	396	+14
Tarmac	584	+12
Textured Jersey	100	+8
Tomkins (FH)	190xr	+14
Wimpey (Geo)	125	+8
FALLS		
Treas 2½ IL 2013	£86⅜	—⅝
Assoc Brit Foods	228	—6
Energy Capital	36	—10
Henderson Group	230	—10
Minet Hldgs	205	—10
Pentland Inds	875	—35

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 35

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

NEW YORK PRICES

Continued from Page 35

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

MARKET REPORT

Strong Gilt-edged revival encourages firmer tone in equity sectors

Account Dealing Dates

Option *First Declara- tions	Last Dealings	Account Dealings Day
Apr 29 May 9	May 10	May 20
May 13 May 30	May 31	June 10
June 3 June 13	June 14	June 24

* "New-time" dealings may take place from 9.30 am two business days earlier.

Government securities revived in fine style yesterday and lent support to leading shares which had opened the London session rather cautiously. Out of favour with domestic investors since the stock market nearly two weeks ago of an unexpected surge in UK money supply and bank lending, the Gilt-edged sector responded strongly to a sharp rise in the exchange rate. Sterling performed well against the dollar which weakened following last week's ½ percentage-point cut in the Federal Reserve Discount rate to 7½ per cent, the lowest level for nearly seven years.

Overseas buyers led the sortie, directing funds to both short and longer maturities. The UK institutions showed slightly more enthusiasm than recently, but generally remained wary of the Government's heavy funding programme. Scattered sales by the authorities failed to check the price advance and with the market displaying signs of stock shortages, longer-dated Gilts rose 1½ points. The shorts gained a maximum of ⅞, but index-linked issues retreated ¼ or so as potential buyers withdrew on consideration of new tranches of stock, totalling some £400m, made available to the market from yesterday.

Equities were none too certain initially, *reflecting the effects of the pound's strength on earnings of international stocks*. Some of the early nervousness was also attributed to fears that an examination of the proposed purchase of Mitel by British Telecom to be carried out by Oftel—the UK regulatory body for the communications industry—could trigger an investigation by the Office of Fair Trading.

The ensuing strong Gilt tone soothed investors' fears and many leading equities began to find support. While this was selective, it brought a generally firmer tone to most areas of the market. A buoyant Wall Street opening yesterday ensured a continuation of the rise in the late London trade and the FT Ordinary share index closed 7.7 up at the day's highest of 1,016.0. Numerous secondary issues benefited from weekend Press recommendations, while speculative stocks flourished on the back of revived and intense takeover rumours regarding store group Debenhams.

Clearers quietly firm

Buyers returned to the major clearers and Barclays closed 8 higher at 388p, NatWest were 7 dearer at 652p, while Lloyds, at 590p, and Midland, at 360p, improved 5 apiece. Elsewhere, Bank of Scotland put on 10 to 368p and Standard Chartered 14 to 482p. Among Discount Houses, Clive rallied 2 to 52p in response to Press comment, while Cater Allen added 10 at 510p ahead of Thursday's preliminary statement. Henry Ansbacher slipped to 55p on Press reports that the merchant bank is to launch a £35m cash-raising exercise, but rallied late to finish a net 3 dearer on the day at 63p. Rothschild improved 4 to 108p and Hill Samuel rose 6 to 298p.

Lloyds Broker Minet continued to decline, falling 10 to a 1985 low of 205p on increasing fears that further provisions will be required to cover the substantial underwriting losses incurred by its Richard Beckett agency. Others in the sector were affected by weakness of the dollar. Sedgwick gave up 5 at 380p and Stewart Wrightson 10 at 593p. Easier at the outset on fears of possible heavy claims arising from the Florida fires, Composites recovered and closed at the day's best. Commercial Union ended 6 up at 224p and Sun Alliance 5 better at 470p, after 468p.

The two newcomers to the Unlisted Securities Market made contrasting debuts. Electronics group Datron were given a good reception, the shares opening at 98p and moving up in lively trading to close at 100p compared with the placing price of 84p. Broadcasting equipment concern Viewplan, however, failed to generate much interest and, after touching 125p early on, drifted back to close at 118p, a small discount on the placing price of 120p.

Leading Buildings made further headway on interest rate optimism. Tarmac were again prominent at 584p, up 12, in a market none-too-well supplied with stock, while RMC gained 14 *to 396p in similar circumstances*. Construction issues featured George Wimpey which rose 8 to 135p amid rumours that the company was poised to sell its Canadian subsidiary. Newarthill rose 15 to 635p in a restricted market following news that the company had acquired 6,000 of its own shares at prices between 610p and 620p, while McCarthy and Stone gained the same amount to 210p in reply to good interim results. Press comment highlighting the company's recovery prospects helped Burnett and Hallamshire rise 10 to 50p, after 55p. Timber group Meyer International jumped 16 to 142p as the company confirmed that Australia's Adelaide Steamship had built up a 4.87 per cent stake, but Henderson Group shed 10 to 230p on thoughts that the company would have to increase its offer for R. Cartwright following minimal acceptances.

Debenhams feature

Nearly a week after falling sharply on Burton's strong bid denial, Debenhams responded afresh to renewed speculation of an imminent bid from that quarter, or a £600m plus management buy-out, and touched 326p before closing the day 15 higher on balance at 323p; *Burton were unmoved at 460p*. Among other leading retailers, Marks and Spencer put on 3 to 140p and British Home 2 to 309p.

Lincroft Kilgour were again outstanding among secondary issues, rising 15 more for a two-day jump of 28 to 185p on news of Mr Peter de Savary's near-16 per cent stake in the company. Etam, still reflecting a recent broker's visit, advanced 13 to 178p.

Plessey staged a revival awaiting Thursday's preliminary figures and closed 8 to the good at 174p, but British Telecom, down 2 at 158p, were unsettled by a report that the Office of Telecommunications is ready to oppose BT's takeover of Mitel. Elsewhere, Brammer rose 16 to 330p on Press mention, while Energy Services improved 3 to 110p in sympathy. Crystalate, down to 153p following the interim figures, rallied to end unaltered on balance at 163p. Micro Focus recovered to 400p before drifting off again to close only 25 higher on the day at 375p, while CASE picked up 12 to 270p, late demand left Oxford Instruments 17 to the good at 255p. In contrast, Telecomputing dipped 20 more to 445p and Eurotherm fell 10 to 335p.

Engineering leaders traded quietly, but seconday issues *recorded the occasional noteworthy movement*. Brooke Tool, hardened a penny to 29p on the *interim figures*, while revived bid speculation lifted C. H. Bailey 1½ to 20½p. Clayton Son, still responding to recent Press mention, put on 5 further to 118p.

Leading Foods were quieter than of late with some recent speculative favourites a shade easier on lack of interest. Rowntree Mackintosh slipped 4 to 428p but Ranks Hovis McDougall lower at one stage, picked up to close unchanged at 165p awaiting today's half-year figures. Associated British Foods reacted to 224p on disappointing annual profits before steadying to close a net 6 lower at 228p.

F. H. Tomkins good

Leading miscellaneous industrials traded quietly for most of the session, but helped by the opening show of strength on Wall Street, trended firmer in the late dealings. BOC finished 6 higher at 301p and BTR 7 dearer at 378p, while Glaxo hardened ½ to £12½. Hanson Trust were firm throughout the session and closed 5 to the good at 236p. Elsewhere, F. H. Tomkins were a good market at 190p ex rights, up 14; the new nil-paid shares opened at around 28p premium and closing at 40p premium. Blue Arrow, reflecting expansion hopes, advanced 18 to 178p, while Cole gained 10 to 180p following the profits statement contained in the further rejection of the bid from Robert Moss; the latter rose 9 to 110p. Nu-Swift responded to the preliminary figures with a jump of 12 to 67p and favourable Press mention left Beatson Clark 6 dearer at 180p. Polly Peck ended a couple of pence firmer at 272p, after 264p, following the half-year results; InterCity rose 4 to 574p, but Scot gave up 3 at 278p, also after interim statements. Suter bid hopes left Newman Industries 7 higher at 42p. Renewed demand lifted Bank Organisation 10 to 363p, but Portland Industries met with fresh profit-taking and fell to 570p before settling above the worst at 575p, down 35 on the day. Demand ahead of Thursday's preliminary figures left Sandhurst Marketing 4 to the good at 77p.

Radio City (Sound of Merseyside) shed 3 to 45p following poor half-year results.

A broker's recommendation helped Lucas improve 2 more to a 1985 peak of 299p. *Elsewhere* in Motors, Cocksedge jumped 9 in a restricted market to 48p, after 50p, on Press comment.

P & O Deferred, supported last week following details of a subsidiary's property development plans, advanced strongly to finish 18 better at 378p on demand aroused by a chart "buy" signal; Sterling Guarantee rose 5 to 72p in sympathy.

Textiles displayed a few firm features. Textured Jersey moved up 8 to 100p in response to an investment recommendation, while John Foster added 4 at 80p for the same reason. Yorkkyle, still drawing strength from the good results, advanced 10 to 160p.

Aberdeen Trust jumped 14 to 191p, after 193p, on news of the unitisation proposals. Among Financial Trusts, recently firm Ivory and Sime added 6 afresh to 132p following the impressive results. Smith Brothers edged forward a penny to 121p in reply to Press comment.

Britoil rise

Sterling's strong showing against the dollar prompted minor selling of the leading oils at the outset of trading. However, prices rallied mid-morning and during the after-hours trade to close with modest changes either way. Britoil dipped to 218p early on *but improved thereafter* to close a net 6 firmer at 238p, helped by favourable weekend Press comment. Takeover speculation sustained Burmah, which hardened a couple of pence to 286p, while Shell fluctuated between 708p and 715p before settling unchanged on the session at 713p; the first-quarter results are expected tomorrow. BP ended the day 5 off at 540p.

Features in the second-liners included *Firstland Oil and Gas* which advanced 25 to a 1985 high of 255p on U.S. exploration hopes. Sizeable profit-taking in Energy Capital left the shares 10 cheaper at 36p. The Irish exploration sector provided a handful of good performers, most notably Eglinton Oil and Gas, 5 up at 95p and Osceola Hydrocarbons, 4 to the good at 56p.

Golds rally

The weak showing by the dollar in the wake of Friday cut in the Fed discount rate and reductions in prime rate by many leading U.S. banks gave a boost to bullion and gold shares, the latter after some hefty losses during the final three days of last week.

Bullion edged up to close a net 75 cents higher at $323.25 an oz, while the Gold Mines index improved 5.4 to 489.5.

Business in South African Golds was regarded as rather disappointing, given the weakness of the dollar. Share prices were marked up initially with dealers hoping that the firmness of the French, Swiss and German currencies would encourage support for Golds from Continental centres. Demand failed to materialise, however, and it was left to South African sources to move quotations higher. Support from Johannesburg increased significantly after-hours on news that the South African authorities had lowered interest rates there, and closing levels for Golds were easily the day's best.

Heavyweights Golds were highlighted by Vaal Reefs which advanced £1½ to £78½ but, in the main, rises were generally confined to around a ½, as in Doornfontein, £15½, Free State Geduld, £22¼ and President Brand, £22½.

The outstanding performances in cheaper-priced Golds came from Beatrix Mines, 10 firmer at 348p, Bracken, a like amount to the good at 152p and East Daggafontein, which moved up 7 to a year's best of 302p.

South African Financials made modest progress. "Amgold" rose £1½ to £71¾ and "Amcoal" hardened ½ to £18, while London-based Financials rallied after an easier opening. Rio Tinto-Zinc closed a net 7 better at 614p.

Australian Golds managed widespread gains, albeit of a modest nature. Central Norseman led the sector higher and posted a 15 improvement at 508p while Gold Mines of Kalgoorlie added 10 at 560p.

Recent speculative favourite Terrex Resources continued to attract support and put on 2½ more to 30p on persistent rumours that a major "down-under" group is in the process of accumulating a substantial holding in the company.

Interest in Traded Options was small. The 5,881 contracts struck comprised 4,486 calls and 1,395 puts.

FINANCIAL TIMES STOCK INDICES

	May 20	May 17	May 16	May 15	May 14	May 13	year ago
Government Secs	80.86	80.30	80.37	80.67	80.72	80.61	79.73
Fixed Interest	85.63	85.34	85.32	85.50	85.55	85.62	84.60
Ordinary	1016.0	1008.3	1012.5	1022.3	1018.3	1016.9	876.2
Gold Mines	489.5	484.1	488.8	496.9	511.3	497.1	662.4
Ord. Div. Yield	4.56	4.59	4.58	4.47	4.52	4.50	4.46
Earnings, Yld.% (full)	11.50	11.54	11.50	11.22	11.36	11.28	10.37
P/E Ratio (net) (*)	10.69	10.57	10.60	10.86	10.75	10.80	11.63
Total bargains (Est.)	27,136	24,479	26,740	28,607	29,361	27,877	21,560
Equity turnover £m.	—	373.56	445.67	456.2	467.0	439.7	209.60
Equity bargains	—	24,657	22,626	25,769	29,398	25,923	18,577
Shares traded (ml)	—	216.6	246.3	229.8	257.7	288.8	166.7

10 am 1006.2. 11 am 1008.5. Noon 1010.5. 1 pm 1011.2. 2 pm 1011.6. 3 pm 1011.8.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.24.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.00 (18/4)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.19 (22/4)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (8/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	459.6 (25/1)	734.7 (15/2/83)	43.5 (26/10/71)

	May 17	May 16
Daily Gilt Edged Bargains	121.2	127.4
Equities Bargains	159.8	146.6
Equities Value	755.0	900.8
5day Average Gilt Edged Bargains	134.6	139.4
Equities Bargains	166.4	169.7
Equities Value	890.2	947.2

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (165)

BRITISH FUNDS (5)
LOANS (1)
AMERICANS (1)
BANKS (1)
BREWERS (3)
BUILDINGS (7)
CHEMICALS (3)
STORES (9)
ELECTRICALS (5)
ENGINEERING (7)
FOODS (2)
HOTELS (1)
INDUSTRIALS (28)
LEISURE (1)
MOTORS (5)
NEWSPAPERS (1)
PAPER (2)
PROPERTY (5)
SHIPPING (1)
TEXTILES (3)
TRUSTS (10)
OILS (2)
MINES (2)

NEW LOWS (32)

AMERICANS (7)
Amax, Beth. Steel, Business Computer, GATX, Louisiana Land, Microcmptr. Mems., TRW Inc.
CANADIANS (1)
Hawker Siddeley Can.
BANKS (1)
Ansbacher (H.)
BREWERS (1)
Merrydown Wine
BUILDINGS (2)
Feb. Intl. A, Henderson Group
CHEMICALS (2)
Coates Bros. A N/V, Engelhard
ELECTRICALS (4)
CPS Computer, Cont'l. Microwave, Microlease, TDS Circuits
ENGINEERING (1)
Simon Eng.
INDUSTRIALS (3)
Anglo-African Fin., Davies & Newman, Diploma
INSURANCE (1)
Minet Hldgs.
PROPERTY (1)
Markheath
TRUSTS (2)
C'brian & Gen. Cap., G'tmore Info. & Fin.
OILS (1)
Ranger Oil
OVERSEAS TRADERS (1)
Inchcape
MINES (4)
Impala Plat., Cultus Pacific, Gopeng Berbad, Pengkalen

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Bailey (C. H.)	20½	+ 1½
Brammer	320	+16
Cable and Wireless	570	− 5
Cole	180	+10
Commercial Union	224	+ 6
Crystalate	163	—
Heath (C. E.)	612	—
Kean and Scott	47	− 2
Meyer International	142	+16
Newman Inds	52	+ 7
Ryan International	23½	+ 3
Tomkins (F.H.)†	40pm	—

† Nil-paid

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	91	11	5
Corpns. Dom. and Foreign Bonds	17	2	56
Industrials	315	259	878
Fin. and Props.	102	70	378
Oils	27	32	67
Plantations	1	4	12
Mines	59	30	91
Others	53	101	79
Totals	665	509	1,564

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon May 20 1985

[illegible]

FIXED INTEREST

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 25,598

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ※ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡ Dealt in under Rule 535(3).

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 20	June 7	Aug 29	Sept 9
June 10	June 21	Sept 12	Sept 23
June 24	July 5	Sept 26	Oct 7

For rate indications see end of Share Information Service

Money was given for the call of Crystalate, Birmid Qualcast, Newman Industries Convertible Preference, Weir Group, Premier Consolidated, Johnson Firth Brown, Bula Resources, Combined Technology, Falcon Resources, Stat-Plus, Gestetner, Barsey, Vosper, Barratt Developments, Clive Discount and Arid Technology. No puts were reported but a double option was arranged in Falcon Resources.

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
British Telecom	19	160	− 4
Dataserv Inc	19	165	+14
BAT Inds	15	315	− 5
Cable & Wire	14	575	−25
Grandt Met	14	295	−10
Lilley (F.J.C.)	14	63	− 5
Brit Aero Newt	13	240	− 6
CASE	13	258	−14
Tomkins (F.H.)	13	184	+ 9
ICI	12	758	− 1
Micro Focus	12	350	+25
Prudential	12	680	−10
Comm Union	11	218	− 6
Shell Trans	11	713	− 4

† Partly-paid

LONDON TRADED OPTIONS

[illegible]

May 17. Total contracts 5,881. Calls 4,486. Puts 1,395.
* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	1985 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
100¾	99 1/16	Treas 11½pc 1985	99 13/32	+1/32	11.52	12.73
98 13/32	97¼	Treas 8¼pcCnv '85	98 13/16	+⅛	8.84	12.22
101 11/16	99 3/16	Exch. 12¼pc 1985	100xd	+1/16	12.25	12.16
101 3/16	99 3/16	Exch. 11¼pc '86	99⅞	+⅛	11.76	11.81
99½	97 1/16	Treas. 10pcCnv 1986	98 3/16	+1/16	10.15	11.68
94⅝	92¼	Treas 3pc 1986	94⅝	.....	3.17	8.76
100	97½	Exch. 10½pc Cv '86	99	+¼	10.61	11.59
101⅜	99¼	Treas 12pc 1986	100 ¼xd	+⅛	11.95	11.60

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

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Public Board and Ind.

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AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

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O.F.S.

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MINES—Continued

Finance

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

REGIONAL & IRISH STOCKS

OPTIONS — 3-month call rates

"Recent Issues" and "Rights" Page 37

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 36

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 41

Indices

NEW YORK-DOW JONES

	May 20	May 16	May 15	May 14	May 13	May 10	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,304.55*	1,278.85	1,273.52	1,273.3	1,277.5	1,274.18	1299.36 (1/3)	1184.96 (4/1)	1299.36 (1/3/85)	41.22 (2/7/32)
Transport	629.10*	617.58	611.16	609.72	617.36	617.03	635.38 (1/3)	553.83 (4/1)	635.38 (1/3/85)	12.32 (8/7/32)
Utilities	165.21*	161.83	158.21	158.70	158.85	159.73	169.73 (10/5)	146.54 (4/1)	163.32 (20/4/69)	10.5 (28/4/42)
Trading vol		–	106m	97.3m	85.8m	140.2	–	–	–	–

	May 10	May 3	Apr 26	Year Ago (Approx)
Ind Div Yield %	4.81	4.98	4.78	4.78

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

New York Active Stocks

[illegible]

TORONTO

[illegible]

	May 20	May 17	May 16	May 15	1985 High	1985 Low
AUSTRALIA All Ord. (1/1/80)	[illegible]					
Metals & Mins. (1/1/80)	[illegible]					
AUSTRIA Credit Aktien (2/1/62)	[illegible]					
BELGIUM Brussels SE (1/1/80)	[illegible]					
DENMARK Copenhagen SE (3/1/83)	[illegible]					
FRANCE CAC General (31/12/82)	[illegible]					
Ind Tendance (28/12/84)	[illegible]					
GERMANY FAZ Aktien (31/12/58)	[illegible]					
Commerzbank (1/12/53)	[illegible]					
HONG KONG Hang Seng Bank (31/7/64)	[illegible]					
ITALY Banca Comm Ital. (1972)	[illegible]					
JAPAN** Nikkei-Dow (16/5/49)	[illegible]					
Tokyo SE New (4/1/68)	[illegible]					
NETHERLANDS ANP-CBS General (1970)	[illegible]					
ANP-CBS Indust (1970)	[illegible]					
NORWAY Oslo SE (4/1/83)	[illegible]					
SINGAPORE Straits Times (1966)	[illegible]					
SOUTH AFRICA JSE Gold (28/9/78)	[illegible]					
JSE Indust (28/9/78)	[illegible]					
SPAIN Madrid SE (30/12/84)	[illegible]					
SWEDEN Jacobson & P (1/1/58)	[illegible]					
SWITZERLAND Swiss Bank Cpn. (31/12/58)	[illegible]					
WORLD Capital Intl. (1/1/70)	[illegible]					

** Saturday May 18: Japan Nikkei-Dow [illegible]

[illegible]

WORLD STOCK MARKETS

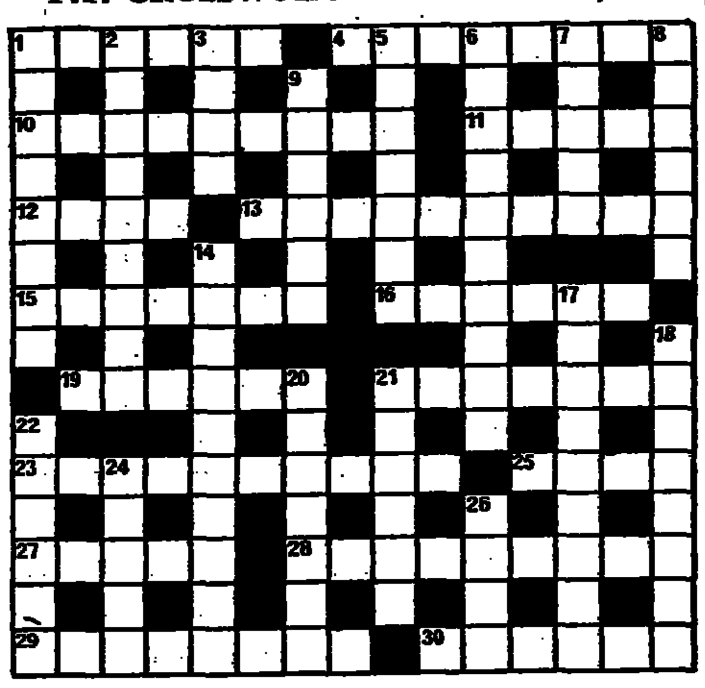
OVER-THE-COUNTER

Continued from Page 40

[illegible]

Stock	Sales (Hnds)	High	Low	Last	Chng
UnvHlt		2932	17⅜	16⅞	17¼ +¼
UnvHld		40	5⅛	5	5⅛ +⅛
UFSBk		197	12¾	12	12¼ +½
UpRght		25	4½	4½	4½ −½
UPenP	2	2	20½	20½	20½ +⅛
UrgeCr		118	5	4⅞	5
Uscafe	.21e	246	4⅝	4⅜	4½ −⅛
VLI		1752	7¼	6¾	7¼ +¼
ZenLb		1879	46½	45¾	46 +1
ZeeNtl	.68	127	14½	14	14½ +¼
Zentec		14	2¾	2¾	2¾
Ziegler	.48a	21	11	11	11
ZionUt	1.24	5	36	35¾	35¾
Zitel		45	4	3¾	4
Ziyad		9	5½	5½	5½
Zondvn	.08j	47	10¼	10	10 −⅛
Zycad		740	14½	14	14½ +½
vjZyrix		711	¼	¼	¼

F.T. CROSSWORD PUZZLE No. 5,723



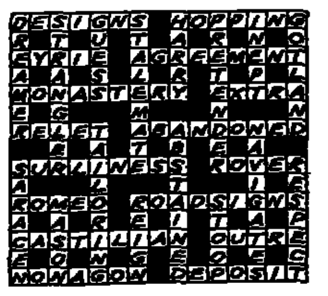
ACROSS

1 To be consistent, His Excellency is in the very centre (6)
4 Austerity of the "Bounty," for example (8)
10 One who has rulers bursting into tears (9)
11 Dish of cooked tripe (5)
12 Chichi, of familiar type? (4)
13 Builder, stout fellow, could be early (10)
15 Welcome account demand (7)
16 Warning spot? (6)
19 Using cable, for example, winges pathetically (6)
21 Weapon used in caber-tossing (7)
23 Flat possibly found by chance (10)
25 A garden for lying in (4)
27 Measures to make bronze lead? (5)
28 Petitioner to take the place of one inside (9)
29 Counter-talk? (8)
30 One ear-crash that is hard on the viewer? (6)

DOWN

1 Friday? Players absent! (8)
2 Keat's first symptom? ——— (9)
3 ——— lines for a bord (4)
5 Roundabout fair can be from the continent (7)
6 Pulling out hair that is oily, parted incorrectly (10)
7 Passionately and extremely happy about fresh lot (5)
8 Convent of previousyear (6)
9 Site of causeway where worker goes over edge (6)
14 Madam, for instance, using chopped ripe almond (10)
17 Red-skinned chap on foot (9)
18 Sell Tate off in bitter hostility (8)
20 Is following heredity-units (Book I)
21 Common title-holders in fields of France (6)
22 Master of ceremonies swallowing wine-gum (6)
24 Clergyman of large type (5)
26 Found as well in alluvial soil? (5)

Solution to Puzzle No 5,722.



BASE LENDING RATES

A.B.N. Bank	12½%	C. Hoare & Co.	12½%
Allied Irish Bank	12½%	Hongkong & Shanghai	12½%
American Express Bk.	12½%	Johnson Matthey Bkrs.	13 %
■ Henry Ansbacher	12½%	Knowsley & Co. Ltd.	13½%
Amro Bank	12½%	Lloyds Bank	12½%
Associates Cap. Corp.	13 %	Edward Manson & Co.	13½%
Banco de Bilbao	12½%	Meghraj & Sons Ltd.	12½%
Bank Hapoalim	12½%	Midland Bank	12½%
BCCI	12½%	■ Morgan Grenfell	12½%
Bank of Ireland	12½%	Mount-Credit Corp. Ltd.	12½%
Bank of Cyprus	12½%	National Bk. of Kuwait	12½%
Bank of India	12½%	National Girobank	12½%
Bank of Scotland	12½%	National Westminster	12½%
Banque Belge Ltd.	12½%	Northern Bank Ltd.	12½%
Barclays Bank	12½%	Norwich Gen. Trust	12½%
Beneficial Trust Ltd.	13½%	People's Trust	14 %
Brit. Bank of Mid. East	[illegible]	Provincial Trust Ltd.	13½%
Brown Shipley	12½%	R. Raphael & Sons	12½%
CL Bank Nederland	[illegible]	P. S. Refson	12½%
Canada Permanent	12½%	Roxburghe Guarantee	13½%
Cayzer Ltd.	12½%	Royal Bank of Scotland	12½%
Cedar Holdings	13 %	Royal Trust Co. Canada	12½%
■ Charterhouse Japhet	12½%	■ J. Henry Schroder Wagg	12½%
Choulartons**		Standard Chartered	‖12½%
Citibank NA	12½%	TCB	12½%
Citibank Savings	¶12½%	Trustee Savings Bank	12½%
Clydesdale Bank	12½%	United Bank of Kuwait	12½%
C. E. Coates & Co. Ltd.	13½%	United Mizrahi Bank	12½%
Comm. Bk. N. East	13 %	Westpac Banking Corp.	13 %
Consolidated Credits	12½%	Whiteaway Laidlaw	13½%
Co-operative Bank	*12½%	Williams & Glyn's	12½%
The Cyprus Popular Bk.	12	Wintrust Secs. Ltd.	12½%
Dunbar & Co. Ltd.	12½%	Yorkshire Bank	12½%
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		
Heritable & Gen. Trust	12½%		
■ Hill Samuel	§12½%		

■ Members of the Accepting Houses Committee.
* 7 day deposits 9½%. 1 month 10¼%. Top Tier—£2,500+ at 3 months notice 12½%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9½% gross.
‖ 21-day deposits over £1,000 10¼%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 9¾%.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	64.2	68.4	-0.2	3.11
Accum Units	95.0	101.1	-0.2	3.11
Pearl Inc.	87.7	93.3	+0.1	5.04
Pearl Unit Tst.	93.9	99.9	+0.3	3.96
(Accum. Units)	156.5	166.5	+0.4	3.96

Perpetual Unit Trust Mngmt. (a) (z)
48, Hart Street, Henley on Thames. 0491 576868

Growth	180.3	193.5	(z)	1.49
Income	137.5	147.3	(z)	5.50
Worldwide Recovery	105.7	113.5	(z)	2.10
American Growth	57.2	61.4	(z)	0.68
Intl. Emerging Cos.	58.4	62.7	(z)	0.80
Far East Growth Fd.	50.0	50.0	.....	—

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	105.4	112.9	-1.2	0.38
Prolific Extra Inc.	62.3	66.3	+0.3	5.75
Prolific Gilt Cap.	77.8	81.0	+0.7	3.40
Prolific High Inc.	130.0	138.2	+0.5	5.02
Prolific Intl.	86.2	92.1	-0.1	1.52
Prolific N. Amer.	114.8	123.0	-0.7	1.95
Prolific Spec. Sits.	150.2	159.8	+0.4	1.23
Prolific Technology	113.9	122.0	-0.6	0.83

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	48.4	51.3	+0.3	0.19
Worldwide	47.9	50.7	-0.3	1.60
European Trust	46.8	49.6	-0.1	0.95
North American	51.2	54.2	-0.4	1.13
UK Equity	49.0	52.9	+0.8	3.10

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Prudential	327.0	347.8	-1.4	3.33
Holborn Gilt Tst.	145.7	152.5	+1.0	9.30
Holborn High Inc.	52.9	56.2	+0.1	8.26
Holborn Intl.	56.7	60.3	-0.5	0.52
Holborn UK Growth	63.6	67.6	.....	2.74

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd.	323.6	344.3	.....	3.43

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	95.8	102.0	-1.0	1.21
Do. Accum.	98.7	105.0	-1.1	1.21
TSB Extra Income	86.9	92.5	.....	6.08
Do. Accum.	96.7	102.9	-0.1	6.08
TSB General	120.4	128.0	-0.6	3.29
Do. Accum.	192.0	204.2	-0.9	3.29
TSB Gilt & Fxd Int.	45.8	47.8	+0.2	9.97
Do. Accum.	55.4	57.8	+0.3	9.97
TSB Income	162.8	173.2	-0.9	4.88
Do. Accum.	240.5	255.9	-0.6	4.88
TSB Pacific	108.5	115.5	-0.8	1.07
Do. Accum.	110.3	117.4	-0.8	1.07
TSB International	226.5	241.0	-1.1	1.92
Do. Accum.	275.6	293.2	-1.4	1.92
Natural Resources	50.3	52.6	+0.4	2.48
Do. Accum.	50.8	54.1	+0.4	2.80
TSB Sitd. Opps.	48.0	51.1	.....	2.39
Do. Accum.	51.6	54.9	.....	2.39

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	71.7	76.7	-0.3	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	67.4	72.1	.....	0.19
Australia	30.5	32.5	.....	0.10
Commodity	100.3	107.8	-0.9	1.55
Energy	47.1	50.4	-0.2	0.65
Equity	102.9	109.8	.....	3.67
European Spec. Sits.	48.5	51.9	+0.1	0.96
Extra Income	87.5	93.6	.....	7.54
Financial	205.2	218.9	+0.9	2.92
Gilt Capital	209.3	219.3	+1.8	3.25
Gilt Income	99.9	104.6	+0.8	9.30
Gold Income	70.2	75.5	+1.0	3.80
Gold Acc.	126.8	136.3	+1.7	3.80
Income	60.5	65.1	+0.2	5.75
Investment Tst.	99.0	105.6	-0.1	1.28
Japan	43.9	46.8	-0.5	0.10
Malaysia & Singapore	28.2	30.1	-0.2	0.89
Pacific Income	69.6	74.4	-0.9	1.04
Pacific Re Inv.	84.5	90.4	-0.9	1.04
Preference Share	15.1	16.3	—	10.72
Professional	505.7	538.1	+0.4	1.99
Special Sits.	87.3	93.9	.....	1.84
Technology	42.4	45.3	+0.2	0.1

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.69	—	+0.21	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.32	—	+0.06	—
Dynamic Gwth Fd	$8.43	—	+0.08	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund				
77 London Wall, London EC2N 1DB			01-588 1815	
Deposit	12.3	—	—	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST.			01-236 0952	
Call Fnd	12.50	9.35	13.88	6mth
7-day Fnd	12.68	9.48	14.08	6mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE.			01-236 1425	
Call Fnd	12.14	9.07	13.38	6-Mth
7-day Fund	12.37	9.25	13.65	6-Mth
Dollar	6.87	—	—	6-Mth
Money Mngt. Acct.	12.00	8.97	13.59	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq. Edinburgh, EH2 4DF			031-225 8484	
Current Acc.	12.25	8.75	13.09	qtr
Aitken Hume				
30 City Road, EC1Y 2AY.			01-638 6070	
Treasury Acc	12.50	9.34	14.03	Qtr
Mth. Int. Chq.	12.375	9.25	14.05	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01-628 8060	
Cheque Acc.	12.05	9.00	13.40	Mth
Barclays Prime Account				
PO Box 125, Northampton			0604 252891	
High Int. Cheque	12.25	9.00	13.49	Qtr
Britannia Investment Services Ltd.				
29 Finsbury Circus, EC2M 5QL.			01-588 2777	
Cater Allen	12.06	9.02	13.4269	Mth
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH.			01-248 3999	
Sterling	12.375	9.25	13.79	Mth
U.S. Dollar	7.50	5.61	8.30	Mth
German Marks	5.0	4.73	5.12	Mth
Swiss francs	3.00	1.50	2.02	Mth
Japanese Yen	5.00	3.74	5.12	Mth
Citibank Savings				
St. Martins Hse, Hammersmith Grove, W6 0NY			01-748 9251	
Cheque Plus	—	10.00	14.83	Qtr
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543 Ex 464				
£500-£2,500	11.0	8.22	12.11	Qtr
£2,500 +	13.00	9.72	14.40	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE.			0803 862271	
Money Mkt Acc.	12.75	9.53	14.37	Qtr
Edward Manson & Co Ltd				
9 Henrietta Place W1M 9AG			01-631 3313	
Cheque Deposit Acc.	12.75	9.53	14.49	Mth
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH			01-628 8060	
Money Mkt. Cheque Acc.	12.05	9.00	13.40	Mth
Lombard North Central PLC				
17 Bruton St, W1A 3DH.			01-409 3434	
14-Day Notice	12.75	9.53	13.61	—
M & G/Kleinwort Benson				
[illegible]				
Midland Bank plc				
[illegible]				
Provincial Trust (formerly Cheshire...)				
[illegible]				
Royal Bank of Scotland plc				
[illegible]				
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB.			0708 66966	
H.I.B.A.	12.05	9.01	13.46	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol.			0272 732241	
Demand Acc	12.36	9.24	13.86	Qtr
Money Acc	12.375	9.25	13.87	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth			0705 827733	
Special Acc	12.10	9.04	13.70	Mth
Over £10,000	12.35	9.23	14.02	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL 1SE			0752 24141	
High Int Chq Acc	12.69	9.48		

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase

COMMODITIES AND AGRICULTURE

Copper stocks rise sends values lower

BY ANDREW GOWERS

A SHARP rise in London Metal Exchange (LME) warehouse stocks prompted another battering for the copper price yesterday.

The cash price of higher grade copper fell £18 to £1,168.50 a tonne at the close, and the three-month price, which rose above the cash price for the first time in weeks on Friday, widened the gap further.

By the end of last week, according to figures released yesterday, LME stocks had risen by 15,575 tonnes to 100,950 tonnes. This was their second consecutive rise following a long decline, and served as further confirmation that the recent squeeze on immediately available supplies has slackened off.

Dealers expressed no surprise at the rise in stocks, which largely reflected the large premium which the cash price has recently shown over the three-month price. This gap reached more than £115 at one stage two weeks ago.

But they said the development came as another blow to an already fragile copper market. "The one thing that was holding up the market's hopes was the tight state of stocks on the LME," said one broker. "That prop has now been kicked away."

Other base metal prices also fell on the LME yesterday, mainly reflecting sterling's renewed strength against the dollar during the morning.

Tin showed the heaviest losses, with three-months standard grade tin ending the day at £9,457.50 a tonne £85 down from Friday afternoon's kerb close.

Dealers said the International Tin Council buffer stock manager had intervened in the market when the price dropped to £9,350, pushing it up to £9,420, and his continuing support held prices steady during the afternoon as sterling slipped from its highest levels of the day against the dollar.

The cash price, however, remained at a premium over the three-month price.

Sharp fall in coffee market as £ firms

STERLING'S firmness against the dollar yesterday brought another sharp fall in the London coffee futures market. The July position added £29 to last week's £81.50 decline taking the price to £2,055 a tonne.

The July price had reached a low of £2,047 a tonne at one stage before steadying on trade and speculative buying. But dealers said the lower price levels attracted little interest from roasters, who are reported to be well covered following recent purchases from Brazil and Colombia.

● FIJI'S 1985 sugar harvest began yesterday after settlement of a two-week long dispute between growers and the Fiji Sugar Corporation over prices, industry leaders said in Suva. Corporation acting chief executive Mr Gautam Ramswarup said cane was being cut in all districts and the corporation's four mills would be running normally by today. Thousands of Fiji's 22,000 small growers had refused to cut their cane in protest at the forecast cane price for the year—$F17.50 (£12) a tonne, the lowest for 10 years.

The deadlock was broken over the weekend when the corporation revised its forecast price to more than $F20 and agreed to cash advances for harvesting and transport.

● THE STARTING date for the Amsterdam gold futures market has been set for May 29 after final approval was given by the Finance Ministry, the Goudtermijnmarkt Amsterdam BV said.

Initial contract months will be July, August, October, December and following even months up to and including June. Contracts will be expressed in guilders per gram, with trading in units of 500 grams.

The market will operate from 1000 to 1630 local time, the same hours as the European Options Exchange.

● U.S. ROASTINGS of green coffee in the week ended May 11 were about 300,000 (60-kilo) bags, including that used for soluble production, compared with 315,000 bags in the corresponding week of last year and about 340,000 bags in the week ended May 4, George Gordon Paton and Co Inc said.

Research in a cold climate

Farmer's viewpoint: John Cherrington examines the effect of Government cuts in scientific back-up for the agricultural industry.

A CYNIC could be excused for thinking that the Ministry of Agriculture, panicked by the current overproduction of almost everything agricultural is savaging the research and advisory services which have been partly responsible for boosting yields. How else can one account for the closure of the Weed Research Organisation and the Letcombe Laboratory. These are two of the newest establishments and are very much oriented to practical problems—namely weed control and soil structure. Now there are threats to the Plant Breeding Institute at Cambridge, responsible for many of the new breeds of high yielding cereals, and to the Babraham Institute of Animal Physiology. Part of the latter Institute is expected to be sold to a commercial firm.

Stung by these criticisms the Agricultural and Food Research Council has issued a discussion document entitled "A Long Term View" in which the chairman, Lord Selborne is asking interested people for guidance as to the future structure and duties of the service. He refers to the changed climate of farming, to the many production surpluses and to the different attitudes of both government and population as to the most appropriate use of land. "Alternative systems of land use must now be considered and greater attention given to environmental and welfare needs," he says.

It is obvious, however, that the prime factor behind the council's determination is the fact that its funds are to be slashed, by a further £10m in 1986 and £20m in 1987. This financial attack is parallelled by a reduction in expenditure on the Agricultural Development and Advisory Service (ADAS). This will be replaced by charging farmers for some of the services provided.

The scientific establishment has been very much upset by the climate of uncertainty that has arisen. No one really knows which branches of research are to be retained and which discarded. Professor J. L. Jinks of the AFRC implied that the present number of Institute directors is to be reduced from 27 to no more than 10.

He denied that financial constraints were the only criteria. Demands on research were bound to reflect changes in economic circumstances. For instance the demand now was for higher quality cereals whereas the very successful high yielding British wheats were of animal feed quality.

Some scientists are aggrieved that farmers have not clamoured particularly strongly for the full retention of the service, and they have been saddened by the fact that farmers are not offering to fund some of the research effort themselves. In fact they already do. The Norfolk Agricultural Station began as a farmer-funded body and there are occasional instances of farmer finance to sponsor special programmes. In general, however, farmers are content to accept Government sponsored research as a matter of right.

They are far from being alone in this. Most developed countries have government-funded agricultural research. The only one I can think of that used not to was Denmark, where much of the research was carried on by farmer-funded co-operatives. Government involvement was regarded as necessary in most countries because farmers, being a fragmented society, would be unable to organise research themselves. Also at various times governments found it essential to try to grow more food. New Zealand, for instance, wanted more food for exports while Britain sought to build up domestic supplies following wartime shortages.

New Zealand was most successful in its research programme based at Rua Kura which over a few years effectively doubled the production of meat and butter fat per acre. The Irish Department of Agriculture did the same.

In Britain the move was towards more fundamental research and the results were much less visible to farmers, who tend to be sceptical of the value of the rather ivory tower atmosphere of the AFRC.

But they are not left in ignorance of scientific progress. Thanks to the prosperity of farming over the last few years, commercial interests have concerned themselves with educating farmers about the benefits of new technology. A farmer has to be pretty strong minded to ignore the barrage of information which clutters his postbag and the pages of his specialist magazines. Most of this is backed by research, both private and public, and is generally worthy of attention.

So it could be argued that the Government could quietly devote its funds to other uses leaving commercial interests to foot the farm research bill. It would probably work just as well as far as food production was concerned and, as long as there was plenty of competition between firms, should not cost farmers too much. In that case any Government involvement would need to be no more than a monitoring agency or perhaps for a modicum of fundamental as opposed to practical research. This, I might add, is not my solution. I haven't one.

African farm aid programme agreed

AN AID programme which will give additional resources to drought-hit African countries was given the go-ahead at a meeting held over the weekend in Rome.

The International Fund for Agricultural Development (IFAD), a United Nations agency which helps third-world farmers, said the programme will include a fund-raising campaign aimed at mobilising at least $300m over the next four years.

The cash will help improve conditions in sub-Saharan Africa.

The agency's funding crisis continues to place a question mark against its future however, writes a special correspondent in Rome. Following two days of discussions, the eighth round of consultations on a second replenishment of funds, was adjourned with no decision having been taken.

IFAD was established in 1978 with the aim of providing assistance to agriculture in the third world, and particularly to smallholders and the landless poor. Its initial funding for the triennium 1978-80 amounted to about $1bn.

A first replenishment of funds for the agency's second triennium brought $1.1bn though this period was later extended to cover 1984.

Consultation meetings to decide on a second replenishment of funds started in July 1983. The main obstacles to agreement have been the issue of burden-sharing between the two main donor groups (Category I OECD countries provided 56 per cent of the first replenishment and Category II OPEC countries 41 per cent), and the total level for the second replenishment.

The suspension of the eighth round of consultations was caused by the refusal of the U.S. to make a commitment on a further contribution. "All members of Category II were prepared to make firm pledges towards a higher level determined at February's meeting. Nineteen members of Category I were also in a position to reciprocate and make firm commitments; but one at this stage was not ready to join the consensus," said IFAD's president, Mr Idriss Jazairy.

UK merchants plan more grain stores

BY ANDREW GOWERS

BRITAIN'S AGRICULTURAL merchants and co-operatives are planning to boost their grain storage capacity by more than a quarter over the next two years following last autumn's record UK cereals harvest.

This is the main finding of a poll conducted by the weekly publication Agricultural Supply Industry. The magazine forecasts that investment in new grain storage capacity over the next five years will total £40m, following EEC-aided expenditure of around £50m since 1979.

The survey's conclusions underline the emergence of Britain as a leading cereals producer and exporter since the 1970s, as production has soared under the influence of EEC price incentives.

In the marketing year 1978-79 the UK produced 17.4m tonnes of grain, of which it exported only 1.7m tonnes. Last autumn, however, record yields boosted the harvest above 26m tonnes, and exports had reached 4.3m tonnes by the end of March.

On the basis of returns from a questionnaire circulated to merchants and co-operatives, Agricultural Supply Industry estimates that total storage capacity could rise by about 1m tonnes to 6m between now and 1987.

British wheat area down

BY OUR COMMODITIES STAFF

THE AREA sown to wheat in the UK has fallen this year for the first time since 1977, according to a plantings survey published yesterday by the Home Grown Cereals Authority (HGCA).

Wheat plantings are estimated at 1.89m hectares for this year's harvest, compared with last year's record of 1.94m.

The total area sown to wheat, barley and oats is an estimated 4.01m hectares, down from 4.02m in 1984, says the HGCA. On the basis of last year's record yields, that would produce a total crop of 26.2m tonnes, against last year's 26.4m.

Most preliminary assessments suggest, however, that this year's yields will not be nearly as large as last year's, owing to poor planting weather last autumn and bad weather during the spring growing season.

On the basis of the yield trend over the past decade, the crop would weigh in at 26m tonnes.

The survey shows that barley plantings are little changed from last year at 1.98m hectares, while oat sowings increased by 38 per cent in England and Wales and by nearly 25 per cent in Scotland, bringing the estimated UK area under oats to 142,000 hectares, its highest level since 1981.

Tea prices up again

BY OUR COMMODITIES STAFF

LAST WEEK'S upturn in international tea market prices was maintained at yesterday's weekly London auction. At 160p a kilo medium grade tea added another 5p to 165p, while a 5p rise, which ended a run of 13 successive declines. Quality grade tea, which was unquoted last week, averaged 195p a kilo and low medium grade gained 3p to 118p a kilo.

A total of 37,114 packages were offered at yesterday's auction including 5,600 in the offshore section.

The Tea Brokers' Association said Assams received much better support than at recent sales but demand for Bangladesh teas remained irregular. There was keen competition for best East African CTC (cut, tear and curl) types while medium grades gained 5p to 10p a kilo. There were few buyers for poorer East African grades, however.

It was a similar story for Central Africans with better types advancing 3p to 5p a kilo but plainer types weak.

Ceylons met more general enquiry, the association said, and fetched up to 10p a kilo more than at last week's sale.

Offshore teas attracted only limited demand with brighter sorts about steady and lesser types easier.

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

INDICES

FINANCIAL TIMES

May 17	May 16	M'th ago	Year ago
287.19	287.94	292.24	321.12

(Base: July 1 1952 = 100)

REUTERS

May 20	May 17	M'th ago	Year ago
1814.9	1826.5	1886.9	2003.5

(Base: September 18 1931 = 100)

MOODY'S

May 14	May 13	M'th ago	Year ago
921.9	925.9	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	May 14	May 13	Month ago	Year ago
Spot	117.91	117.84	—	—
Fut.	122.62	122.85	—	—

(Base: December 31 1974 = 100)

COCOA

Although due sharply lower futures held stadier than expected and closed near the highs of the day. Physical activity was restricted to light consumer offtake, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1744 1745	—19.0	1743-1741
July	1772 1774	—12.5	1774 1760

OIL

Prices for all spot crudes weakened in a very thin market. Nymex WTI was 8c up at noon EST. In the petroleum products market prompt gas oil prices firmed a dollar on buying interest for May. This surprised the market which had expected falling prices after reports of large quantities of incoming Russian supplies. Forward positions remained stable—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	26.70 26.75	—0.225
Arab Heavy	25.10 25.20	—0.10
Dubai	25.15 25 25	—0.25
Brent Blend	26.35 26.45	—0.025
W.T.I. (1pm est)	27.60-27.50	—
Forcados (Nigeria)	26.35-26.50	—0.20
Urals. (cif Med)	25.60-25.70*	—0.05
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	290-293	—
Gas Oil	215-217	+1.0
Heavy fuel oil	131-133	—

* May

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
June	215.75	+1.00	216.00-14.75
July	214.50	+0.75	214.75-15.50
Aug	215.75	+0.50	215.75-14.75
Sep	217.25	+0.25	217.25
Oct	220.00	+1.25	220.00
Nov	220.75	—0.75	—

Turnover: 526 (619) lots of 100 tonnes.

POTATOES

Old crop May traded erratically in a £6.00 range in thin volume. With plantings for new crop almost complete all positions opened lower, April dropping to £84.00 where some support was evident, before rallying towards the close, reports Coley and Harper.

U.S. MARKETS

HEATING OIL closed unchanged to nominally lower late in the day as traders were looking for fresh news to determine market direction, reports Heinold Commodities. Maize moved marginally lower on moderate local and professional selling. Wheat traded narrowly mixed on bull spreading in the new crop futures. Soyabeans gained ground on support from strong oil prices while meal continued to suffer from liquidation. The precious metals came under aggressive selling pressure on the failure to stimulate fresh investment demand despite the cut in discount rate. Cooper attracted sympathetic selling in line with precious metals along with the larger than expected build-up in LME stocks. Aluminium was featureless but fears of a decline in economic activity discouraged selling. Sugar firmed reflecting light short-covering on an oversold situation. Coffee moved higher on reports of a good pace to Brazilian sales. Cotton weakened on continued poor demand prospects.

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	High	Low	Prev
May	48.55	—	—	48.65
June	48.70	—	—	48.80
July	49.05	49.25	49.00	49.15
Sept	49.70	50.00	49.70	49.90
Dec	50.75	—	—	51.05
Jan	51.10	—	—	51.40
March	51.80	—	—	52.15
May	52.50	—	—	52.90
July	53.20	—	—	53.65
Sept	53.90	—	—	54.40

CHICAGO

OTHER MARKETS

WOOL FUTURES

COTTON

JUTE

PARIS

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Discount rate cut hits dollar

The dollar closed near its highest levels of the day on the London foreign exchange market and continued to move higher immediately after in New York. There is little change in underlying sentiment however, and the U.S. currency was well below *Friday's closing rates in London* following the cut of ½ per cent to 7½ per cent in the Federal Reserve's discount rate. The Federal Open Market Committee meets today, but is now expected to result in little of interest to the market, since it is already accepted that the central bank is tending towards an easier monetary policy. This follows last week's economic data, which did nothing to suggest a sharp rebound in growth this quarter. First quarter gross national product will be revised today, and is expected to be below the previous estimate of 1.3 per cent growth.

The dollar fell to DM 3.0340 from DM 3.0685; FFr 9.26 from FFr 9.37; SwFr 2.5625 from SwFr 2.5825; and Y249.60 from Y250.65.

On Bank of England figures the *dollar's index fell to 143.9* from 145.6.

STERLING — Trading range against the dollar in 1985 is 1.2940 to 1.0525. April average 1.2414. Exchange rate index rose 0.7 to 79.7. It opened at the day's peak *of* 80.0, but quickly retreated to the low of 79.6 at 9 am, and then trading between 79.7 at 79.9 for the rest of the *day. The figure six months ago* was 76.0.

Sterling again attracted funds moving away from the dollar, due to London's high level of interest rates, and little prospect of any early change after the latest money supply and bank lending figures. The pound touched a peak of $1.2940 and closed 1.75 cents higher on the *day at $1.2820-1.2830. Sterling* also rose to DM 3.8925 from DM 3.8825, and Y320 from Y317, but was unchanged at SwFr 3.27 and fell to FFr 11.8450 from FFr 11.8675.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.9730. April average *3.0856. Exchange rate index* 122.6 against 122.1 six months ago.

The D-mark rose against the dollar on the Frankfurt market and the U.S. currency was fixed at its lowest level since April 22. At the Frankfurt fixing the dollar fell to DM 3.0328 compared with DM 3.0615 on Friday. The Bundesbank did not intervene. *The market was quiet ahead of* today's revised first quarter GNP figure, but the underlying trend was set by Friday's reduction in the Federal Reserve's discount rate. Little commercial business *was seen during the afternoon,* but activity in the morning was quite high. After touching a low of DM 3.0150 the dollar closed at *DM 3.0245* compared with DM 3.0795 on Friday. Some commercial demand was seen above the DM 3.01 level and some technical resistance is also expected at this point if the dollar continues to fall.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian franc	44.9008	45.1294	+0.51	+0.62	±1.5471
Danish krone	8.14104	8.04957	−1.12	−1.01	±1.6419
German D-mark	2.24184	2.24130	−0.02	+0.09	±1.1475
French franc	6.87456	6.83026	−0.53	−0.42	±1.3689
Dutch guilder	2.52595	2.53182	+0.23	+0.34	±1.5171
Irish punt	0.72569	0.716544	−1.26	−1.15	±1.6673
Italian lire	1403.49	1434.12	+2.18	+2.18	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	May 20	Prev. close
£ Spot	$1.2740-1.2755	$1.2700-1.2710
1 month	0.55-0.54 pm	0.49-0.47 pm
3 months	1.49-1.39 pm	1.37-1.35 pm
12 months	3.75-3.60 pm	3.56-3.47 pm

Forward premiums and discounts apply to the U.S. dollar

STERLING INDEX

	May 20	Previous
8.30 am	80.0	78.9
9.00 am	79.6	78.9
10.00 am	79.9	79.0
11.00 am	79.9	79.2
Noon	79.9	79.1
1.00 pm	79.7	79.1
2.00 pm	79.8	79.4
3.00 pm	79.8	79.1
4.00 pm	79.7	79.0

POUND SPOT—FORWARD AGAINST POUND

May 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2795-1.2940	1.2820-1.2830	0.57-0.54c pm	5.19	1.48-1.43pm	4.54
Canada	1.7530-1.7630	1.7640-1.7580	0.59-0.50c pm	3.72	1.42-1.28pm	3.08
Nethlnd.	4.38¾-4.41½	4.39¾-4.40¾	2¼-1⅞c pm	5.63	6¼-5¾pm	5.40
Belgium	78.15-78.71	78.15-78.25	28-22c pm	3.84	70-61pm	3.35
Denmark	13.93½-14.03	13.92½-13.94½	4½-3½ore pm	3.44	11½-10½pm	3.16
Ireland	1.2407-1.2484	1.2440-1.2450†	0.22-0.08p pm	1.35	0.42pm-par	0.67
W. Ger.	3.87¾-3.91	3.88½-3.89½	2¾-2½pf pm	7.51	6¾-6½pm	6.74
Portugal	217.5-223.9	219.75-223.75	95-425c dis	−14.07	330-1225dis	−14.02
Spain	218.7-220.2	219.00-219.50	5c pm-25 dis	−0.55	15-70dis	−0.78
Italy	2,478¾-2,497½	2,484-2,486	3 lire pm-1 dis	0.48	1pm-4dis	−0.24
Norway	11.20½-11.28½	11.20½-11.21½	⅞-⅜ore pm	0.54	⅜pm-⅛dis	—
France	11.83¾-11.93½	11.84-11.85	2⅞-2⅜c pm	2.53	7⅜-6pm	2.22
Sweden	11.28-11.35	11.28-11.29	3¾-4½ore dis	−4.32	9¾-10½dis	−3.57
Japan	319½-322½	319½-320½	1.87-1.77y pm	6.83	4.96-4.83pm	6.12
Austria	27.24-27.45	27.30-27.36	15½-13½gro pm	6.26	40½-35½pm	5.51
Switz.	3.26½-3.29¾	3.26½-3.27½	2½-2¼c pm	8.26	6½-6¼pm	7.26

Belgian rate is for convertible francs. Financial franc 78.50-78.60. Six-month forward dollar 2.50-2.45c pm, 12-month 3.85-3.70c pm.
† Correction (May 17): 1.2435-1.2445.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2795-1.2940	1.2820-1.2830	0.57-0.54c pm	5.19	1.48-1.43pm	4.54
Ireland†	1.0250-1.0360	1.0290-1.0300	0.38-0.28c pm	3.84	1.15-0.85pm	3.88
Canada	1.3663-1.3685	1.3663-1.3673	0.15-0.18c dis	−1.45	0.48-0.53dis	−1.48
Nethlnd.	3.4010-3.4320	3.4275-3.4285	0.27-0.24c pm	0.89	0.99-0.94pm	1.13
Belgium	60.80-61.20	60.90-61.00	6-7c dis	−1.25	15-17dis	−1.03
Denmark	10.83½-10.92	10.91½-10.92	1-1½ore dis	−1.38	3-3½dis	−1.19
W. Ger.	3.0150-3.0390	3.0335-3.0345	0.67-0.62pf pm	2.56	1.92-1.87pm	2.50
Portugal	171½-174	171½-173	150-400c dis	−19.08	450-1150dis	−18.50
Spain	170.00-171.80	170.30-170.50	70-80c dis	−5.27	200-230dis	−5.04
Italy	1,928-1,941½	1,936½-1,937½	7½-8 lire dis	−4.80	22-23dis	−4.64
Norway	8.73½-8.78½	8.76¾-8.78¾	3⅝-3⅞ore dis	−4.79	9¾-10¼dis	−4.57
France	9.21½-9.27½	9.25½-9.26½	1.83-1.93c dis	−2.44	4.70-5.00dis	−2.10
Sweden	8.78-8.83½	8.79¾-8.80¼	6½-7ore dis	−9.20	17-18½dis	−8.07
Japan	249.20-249.90	249.55-249.65	0.38-0.34y pm	1.73	1.10-1.05pm	1.72
Austria	21.21½-21.35	21.25-21.30	3-2gro pm	1.41	8-5pm	1.22
Switz.	2.5335-2.5630	2.5620-2.5630	0.72-0.66c pm	3.25	1.94-1.88pm	3.00

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 61.20-61.30.

OTHER CURRENCIES

May 20	£	$		£ Note Rates
Argentina Peso	668.71-669.76	580.20-580.60	Austria	27.25-27.55
Australia Dollar	1.8500-1.8540	1.4370-1.4390	Belgium	78.40-79.20
Brazil Cruzeiro	6,736-6,742	5,240-5,260	Denmark	13.93-14.07
Finland Markka	8.1200-8.1400	6.3290-6.3310	France	11.81-11.93
Greek Drachma	170.48-174.33	132.21-135.09	Germany	3.87-3.91
HongKong Dollar	9.9800-9.9900	7.7680-7.7700	Italy	2470-2505
Iran Rial	116.90*	92.80*	Japan	320-325
KuwaitDinar(KD)	0.3888-0.3896	0.30215-0.30250	Netherlands	4.37-4.41
Luxembourg Fr	78.15-78.25	60.90-61.00	Norway	11.24-11.36
Malaysia Dollar	3.1675-3.1676	2.4575-2.4595	Portugal	219-235
New Zealand Dlr.	2.8350-2.8450	2.2035-2.2085	Spain	213-222
Saudi Arab Riyal	4.6458-4.6518	3.6098-3.6105	Sweden	11.32-11.43
Singapore Dollar	2.8250-2.8350	2.1980-2.2000	Switzerland	3.26-3.29
Sth African Rand	2.5300-2.5400	1.9765-1.9825	United States	1.27⅛-1.29⅛
U.A.E. Dirham	4.7268-4.7326	3.6720-3.6730	Yugoslavia	315-335

* Selling rate.

CURRENCY MOVEMENTS

May 20	Bank of England Index	Morgan Guaranty Change %
Sterling	79.7	−10.0
U.S. dollar	143.9	+30.0
Canadian dollar	87.5	−6.9
Austrian schilling	112.9	+3.8
Belgian franc	89.7	−10.8
Danish Kroner	77.8	−5.4
Deutsche mark	122.6	+6.8
Swiss franc	140.2	+7.3
Guilder	112.6	+3.0
French franc	65.3	−15.4
Lira	45.4	−17.0
Yen	154.6	+11.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 20	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.786985	0.575352
U.S. $	7½	0.993175	0.740190
Canadian $	9.93	*	1.01258
Austria Sch.	4½	21.6941	15.7587
Belgian Fr.	9½	N/A	45.1294
Danish Kr	7	11.0143	8.04957
Dmark	4½	N/A	2.24130
Guilder	5½	3.46022	2.53182
French Fr	9½	9.35074	6.83026
Lira	16½	1955.44	1454.12
Yen	5	250.479	184.566
Norway Kr.	8	N/A	6.47852
Span'h Pta.	—	172.549	126.388
Swedish K.	11.5	8.90530	6.61368
Swiss Fr.	4	2.57288	1.88712
Greek Dr'ch	20½	136.350	98.0190
Irish Punt	13¾	0.978980	0.716544

*C$/SDR rate for May 17: 1.36224

EXCHANGE CROSS RATES

May 20	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.283	3.893	320.0	11.85	3.270	4.398	2485.	1.756	78.20
U.S. Dollar	0.780	1.	3.034	249.5	9.250	2.563	3.428	1937.	1.369	60.95
Deutschemark	0.257	0.329	1.	82.21	3.043	0.840	1.130	638.3	0.451	20.09
Japanese Yen 1,000	3.125	4.008	12.16	1000.	37.02	10.22	13.74	7764.	5.488	244.4
French Franc 10	0.844	1.083	3.285	270.2	10.	2.761	3.713	2098.	1.482	66.02
Swiss Franc	0.306	0.392	1.190	97.85	3.622	1.	1.345	759.8	0.537	23.91
Dutch Guilder	0.227	0.292	0.885	72.77	2.694	0.744	1.	565.0	0.399	17.78
Italian Lira 1000	0.402	0.516	1.567	128.8	4.768	1.316	1.770	1000.	0.707	31.48
Canadian Dollar	0.569	0.730	2.217	182.2	6.745	1.862	2.504	1415.	1.	44.53
Belgian Franc 100	1.279	1.640	4.978	409.2	15.15	4.182	5.623	3177.	2.246	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

May. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12⅝-12¾	7 9/16-7 11/16	8¾-9	7⅛-7¼	—	—	10 1/16-10 3/16	11½-12⅛	9⅜-9⅝	9⅜-9⅝	6⅛-6¼	8-8½
7 days' notice	12⅝-12¾	7¾-7⅞	9-9½	7¼-7 7/16	—	—	10 1/16-10 3/16	11¾-12⅝	9-9¼	9-9¼	6⅛-6¼	8⅝-9⅛
Month	12⅝-12¾	7 11/16-7⅞	9-9¼	6⅞-7	4 13/16-4 15/16	5 5/16-5 7/16	10 1/16-10 3/16	11½-12⅛	8⅞-9⅛	9-9¼	6¼-6⅜	8⅞-9⅜
Three months	12 7/16-12 9/16	7 15/16-8 1/16	9 3/16-9 5/16	6¾-6⅞	5 1/16-5 3/16	5⅜-5½	10 1/16-10 3/16	12⅝-12¾	9⅛-9⅜	9⅛-9⅜	6 5/16-6 7/16	9-9½
Six months	12¼-12⅜	8 3/16-8 5/16	9 5/16-9 7/16	6¾-6⅞	5⅛-5¼	5 7/16-5 9/16	10 1/16-10 5/16	12⅞-13¼	9⅛-9⅜	9¼-9½	6 7/16-6 9/16	9¼-9¾
One year	12 1/16-12 3/16	8⅝-8¾	9¾-10	6 11/16-6 13/16	5-5⅛	5 9/16-5 11/16	10 7/16-10 9/16	13⅛-13⅞	9½-9¾	9⅝-9⅞	6 11/16-6 13/16	9⅝-10⅛

Asian $ (closing rates in Singapore): Short-term 7⅞-8 per cent; seven days 7⅞-8 per cent; one month 7 13/16-7 15/16 per cent; three months 8-8⅛ per cent; six months 8¼-8⅜ per cent; one year 8 11/16-8 13/16 per cent. Long-term Eurodollars: two years 9 13/16-9 15/16 per cent; three years 10¼-10⅜ per cent; four years 10½-10⅝ per cent; five years 10⅝-10⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates ease as sterling improves

Interest rates were lower in London yesterday in reaction to the latest reduction in the U.S. discount rate and sterling's firmer trend. However, there appeared to be little hope of an early cut in UK clearing bank base rates with the next set of UK money supply figures likely to hold the key. Latest figures proved to be disappointing and have consequently reduced the scope for lower interest rates. In addition last week's UK inflation figures were at the higher end of market expectations. Yesterday three-month eligible bank bills were bid at 12 per cent compared with 12 1/16 per cent on Friday while three-month interbank money eased to 12 3/16-12⅛ per cent from 12¼-12⅜ per cent.

UK clearing banks base leading rate 12½-12⅝ per cent since April 19.

The Bank of England forecast a shortage of around £850m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £584m and the unwinding of previous sale and repurchase agreements a further £875m. In addition banks brought forward balances £70m below target. These were partly offset by Exchequer transactions which added £400m and a fall in the note circulation of £295m.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £261m and comprised purchases of eligible bank bills in band 1 (up to 14 days) at 12⅝ per cent. The forecast was later revised to a shortage of around £900m and the Bank gave additional help in the morning of £294m. This comprised purchases of eligible bank bills, £237m in band 1 at 12⅝ per cent, £43m in band 2 (15-33 days) at 12½ per cent and £14m in band 3 (34-63 days) at 12⅛ per cent.

The forecast was again revised, this time to a shortage of around £950m, and the Bank gave help in the afternoon of £261m. This comprised purchases of £4m of Treasury bills, £4m of local authority bills and £56m of *eligible bank bills in band 1,* all at 12⅝ per cent. In band 2 it bought £116m of eligible bank bills at 12½ per cent and £50m in band 3 at 12⅛ per cent. In band 4 (64-91 days) it bought £21m of eligible bank bills at *12 per cent. Late assistance came* to £100m, making a total of £916m.

MONEY RATES

May 20	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.35-5.45	10¼	1⅛-1⅜	7⅝-7¾	5.96875	15-15⅝	10-10	12½-12¾
One month	5.65-5.80	10 1/16-10 3/16	4¾-4⅞	7-7⅛	6.28125	14⅝-14¾	9-9¼	12½-12¾
Two months	5.65-5.80	10 1/16-10 3/16	—	—	—	—	—	12½-12¾
Three months	5.70-5.85	10⅛-10¼	5 3/16-5 5/16	5⅞-7	6.34375	14⅞-15¼	9⅛-9⅜	12½-12¾
Six months	5.75-5.90	10 3/16-10 5/16	—	6⅞-7	—	—	9¼-9½	12⅛-12¾
Lombard	6.0	—	—	—	—	—	—	—
Intervervention	—	10⅛	—	6⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

May 20 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	12¼-13¼	12⅝-12¾	12¾-12⅞	12-13	—	—	—	—	—
2 days notice	—	—	12⅝-12¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅛-12¾	12⅝-12¾	12⅞	12⅛	—	—	—	—	—
One month	12 11/16-12 9/16	12⅝-12¾	12⅝	12⅞	12⅛	12⅜	12¼	12 5/16	12¼	12 13/16
Two months	12⅝-12½	12½-12⅝	12½	—	12¼	12⅛	12 1/16	12⅛	12 3/32	12¾
Three months	12½-12⅜	12½-12⅝	12½	—	12	11 31/32	11 15/16	12	11 15/16	12⅝
Six months	12 7/16-12 5/16	12¼-12⅛	12⅛	—	—	—	—	11⅝	11 13/16	12 7/16
Nine months	12-11⅞	12⅛-12⅜	—	—	—	—	—	—	—	—
One year	11 15/16-11 13/16	12¼-12¼	11 15/16	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13-12⅝	—	12⅝	7.85-7.75	7¾-8	9-9⅛
Two months	12 13/16-12 11/16	—	12⅝	7.8-7.9	7 11/16-8 1/16	9⅛-9¼
Three months	12⅞-12⅝	—	12⅝	7.8-7.9	7⅞-8⅛	9 3/16-9 5/16
Six months	12¾-12½	—	12⅜	8.0-8.1	8 1/16-8 5/16	9⅜-9½
Nine months	12⅝-12⅜	—	12¼	8.25-8.35	—	—
One year	12⅛-12¼	—	12⅛	8.5-8.6	8 7/16-8 11/16	9⅝-9¾
Two years	—	11¾	—	—	—	—
Three years	—	11½	—	—	—	—
Four years	—	11⅝	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD *Fixed Rate* Export Finance IV: Average Rate of Interest period April 3 to May 7 (inclusive): 12.787 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13½ per cent from May 1, 1985. London and Scottish Clearing Bank Rates for lending 12½-13¾ per cent. Bank Deposit Rates for sums at seven days' notice 6.65-7.25 per cent (net). Treasury Bills: Average tender rates of discount 11.9839 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 12¾ per cent; one-three months 12¾ per cent; three-six months 12½ per cent; six-nine months 12¾ *per cent; nine-12 months* 12⅛ *per cent.* Under £100,000 11⅞ per cent from May 14. Deposits held under Series 5 12⅛ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 20)

3 months U.S. dollars	
bid 7 15/16	offer 8 1/16
6 months U.S. dollars	
bid 8 5/16	offer 8 5/16

The fixing rates are the arithmetic *means, rounded to the nearest one-*sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10-10½
Broker loan rate	9
Fed funds	7⅜
Fed funds at intervention	—
Treasury Bills	
One-month	7.20
Two-month	7.30
Three-month	7.30
Six-month	7.54
One-year	7.67
Treasury Bonds	
Two-year	101⅜
Three-year	101 11/32
Four-year	104⅞
Five-year	105¼
Seven-year	106 17/32
10-year	104 7/16
30-year	104

FINANCIAL FUTURES

Sharp rise

Values were marked up in the London International Financial Futures Exchange yesterday, following Friday's cut in the U.S. discount rate to 7½ per cent. A fall in the rate had been expected but the timing came as something of a *surprise, occuring* before today's meeting of the Federal Open Market Committee. Speculation increased over a further downturn in U.S. economic growth with dealers suggesting that the Fed's latest move was principally a method to stimulate the domestic economy.

The situation may be clearer after today's final first quarter GNP figures are released. Most sources expect a further downward move from the previous revision which showed a 1.3 per cent rise. Consequently Eurodollar prices were marked up in early trading but tended to *stabilise amid adjustment of* both long and short positions.

Sterling based instruments were firmer and while gilt prices finished at the day's highs, underpinned by a strong upward surge in the U.S. bond market, sterling deposits finished slightly off the day's best levels. The firmer trend was inhibited to some extent *for despite lower U.S.* rates and sterling's strong performance, there was some degree of concern over recent inflation trends and UK money supply growth.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	91.96	91.97	91.81	91.64
Sept	91.38	91.41	91.32	91.00
Dec	90.98	91.02	90.94	90.59
March	90.65	90.70	90.61	90.26
June	90.36	90.40	90.32	89.98

Est volume 5,607 (4,891)
Previous day's open int 18,376 (18,376)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
June	87.57	87.60	87.56	87.46
Sept	88.52	88.55	88.35	88.20
Dec	88.80	88.88	88.80	88.63
March	88.93	89.00	88.93	88.83
June	89.03	89.05	89.05	88.90

Est volume 2,385 (1,520)
Previous day's open int 7,514 (7,514)

20-YEAR 12% *NOTIONAL* GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	105-30	105-30	105-06	104-28
Sept	109-12	109-12	108-31	108-07
Dec	109-18	—	—	108-13
March	109-06	—	—	108-01

Est volume 3,180 (2,540)
Previous day's open int 4,174 (4,174)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −10 to par (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2820	1.2885	1.2800	1.2580
Sept	1.2710	1.2730	1.2640	1.2455
Dec	*1.2610*	*1.2625*	*1.2625*	*1.2365*

Est volume 423 (908)
Previous day's open int 8,333 (8,333)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3310	0.3309	0.3299	0.3253
Sept	0.3332	0.3339	0.3321	0.3277

Est volume 164 (41)
Previous day's open int 232 (232)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.3928	—	—	0.3869
Sept	0.3968	0.3960	0.3960	0.3905

Est volume 1 (nil)
Previous day's open int 155 (155)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4013	—	—	0.3984
Sept	0.4032	0.4028	0.4028	0.4016

Est volume 2 (nil)
Previous day's open int 154 (154)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	133.25	133.25	131.50	132.10
Sept	133.85	133.50	132.40	132.70

Est volume 225 (344)
Previous day's open int 1,502 (1,502)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	75-21	75-25	74-28	73-26
Sept	74-20	74-24	74-00	72.25

Est volume 3,975 (1,458)
Previous day's open int 3,020 (4,174)

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	75-19	76-27	74-28	73-28
Sept	74-18	74-27	73-27	72-27
Dec	73-21	73-28	72-30	71-30
March	72-27	73-00	72-06	71-04
June	72-04	72-07	71-14	70-13
Sept	—	71-18	70-25	69-24
Dec	—	71-00	70-15	69-06
March	—	70-13	70-09	68-20
June	69-28	—	—	68-04
Sept	—	—	—	—
Dec	69-00	69-00	68-16	67-09

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.75	92.80	92.70	92.54
Sept	92.37	92.40	92.28	92.08
Dec	92.06	92.08	91.94	91.74
March	91.80	91.80	91.74	91.47
June	91.56	91.57	91.54	91.23
Sept	—	91.35	—	91.03
Dec	91.18	91.20	91.09	90.84
March	*91.00*	*91.00*	—	*90.67*

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.27	92.29	92.19	91.99
Sept	91.73	91.79	91.69	91.39
Dec	91.35	91.38	91.33	90.98
March	—	91.05	91.00	90.61

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.92	91.95	91.87	91.65
Sept	91.35	91.39	91.32	91.02
Dec	90.96	90.99	90.93	90.59
March	90.63	90.66	90.60	90.24
June	90.36	90.37	90.34	89.96
Sept	90.08	90.13	90.08	89.73
Dec	89.91	89.92	89.87	89.52
March	89.70	89.73	89.67	89.53

STERLING (IMM) $e per £

	Latest	High	Low	Prev
June	1.2760	1.2840	1.2760	1.2650
Sept	—	1.2720	1.2645	1.2530
Dec	1.2545	1.2650	1.2545	1.2440
March	—	—	—	—
June	1.2600	1.2600	—	1.2365

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	72-26	72-30	72-02	71-21
Sept	72-02	72-09	71-14	70-28
Dec	71-16	71-21	71-03	70-10
March	—	—	—	—
June	70-18	70-23	70-18	69-12
Sept	—	—	—	69-00

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on May 20, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) *approximate rate, no direct quotation available;* (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	*10.2530*
Algeria	Dinar	(A) 6.62
Andorra	French Franc Spanish Peseta	11.8450 219.25
Angola	Kwanza	(CM) 37.3855
Antigua	E. Caribbean $	3.47
Argentina	New Peso	669.24
Australia	Australian $	1.8520
Austria	Schilling	27.33
Azores	Portug'se Escudo	221.75
Bahamas	Ba. Dollar	1.2825
Bahrain	Dinar	0.4829
Balearic Isles	Spa Peseta	219.25
Bangladesh	Taka	35.40
Barbados	Barbados $	2.5846
Belgium	B. Franc	(cm) 78.20 (fm) 78.55
Belize	B $	2.57
Benin	C.F.A. Franc	592.25
Bermuda	Bda $	1.2825
Bhutan	Ngultrum	15.70
Bolivia	Bolivian Peso	(u)67,625.0‡
Botswana	Pula	2.2595
Brazil	Cruzeiro‡‡	6,739.0
Brit. Virgin Isles	U.S. $	1.2825
Brunei	Brunei $	2.8300
Bulgaria	Lev	1.2872
Burkino Faso	C.F.A. Franc	532.25
Burma	Kyat	10.3610
Burundi	Burundi Franc	151.38
Cameroon	C.F.A. Franc	592.25
Canada	Canadian $	1.7560
Canary Islands	*Spanish Peseta*	219.25
Cape Verde Is	Cape V. Escudo	114.71
Cayman Islands	Cay. Is. $	1.0720
Cent. Afr. Republic	C.F.A. Franc	592.25
Chad	C.F.A. Franc	592.25
Chile	Chilean Peso	190.30
China	Renminbi Yuan	3.5797
Colombia	Col. Peso	(F)168.20
Comoro Islands	C.F.A. Franc	592.25
Congo (Brazzaville)	*C.F.A. Franc*	592.25
Costa Rica	Colon	(U) 63.30
Cuba	Cuban Peso	1.1965
Cyprus	Cyprus £	0.7900
Czechoslovakia	Koruna	(com) 8.50 n/c 14.81 13.74
Denmark	Danish Kroner	13.94
Djibouti	Djibouti Franc	220.0
Dominica	E. Caribbean $	3.47
Dominican Repub.	Dominican Peso	(O) 1.2825 4.11 (7)
Ecuador	Sucre	(O) 86.39 (F) 151.11
Egypt	Egyptian £	1.0686(14) 1.6450 (8)
El Salvador	Colon	(O) 3.22 (F) 6.21
Equatorial Guinea	Ekuele	592.25
Ethiopia	Ethopian Birr	2.6600
Falkland Islands	Falkland Is. £	1.0
Faroe Islands	Danish Kroner	13.94
Fiji Islands	*Fiji $*	1.5065
Finland	Markka	8.1300
France	French Franc	11.8450
French C'ty in Af.	C.F.A. Franc	592.25
French Guiana	Local Franc	*11.8450*
French Pacific Is.	C.F.P. Franc	210.0
Gabon	C.F.A. Franc	592.25
Gambia	Dalasi	5.00
Germany (East)	Ostmark	3.9925
Germany (West)	Deutsche Mark	3.8925
Ghana	Cedi	68.4389
Gibraltar	Gibraltar £	1.0
Greece	Drachma	172.41
Greenland	Danish Kroner	13.94
Grenada	*E. Caribbean $*	3.47
Guadaloupe	Local Franc	11.8450
Guam	U.S. $	1.2825
Guatemala	Quetzal	1.2825
Guinea	Syli	31.89
Guinea-Bissau	Peso	189.30
Guyana	Guyanese $	5.5925
Haiti	Gourde	6.43
Honduras	Lempira	2.5600
Hong Kong	H.K. $	9.9850
Hungary	Forint	64.05
Iceland	I. Krona	53.3725
India	Ind. Rupee	15.70
Indonesia	Rupiah	1,431.49
Iran	Rial	116.90(sg)
Iraq	Iraqi Dinar	0.3945
Irish Republic	Irish £	1.2448
Israel	Shekel	1,302.0
Italy	Lira	2,484.5
Ivory Coast	C.F.A. Franc	592.25
Jamaica	Jamaica Dollar	5.40(sg)
Japan	Yen	320.0
Jordan	*Jordanian Dinar*	0.5175
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	20.27
Kiribati	Australian $	1.8520
Korea (Nth)	Won	1.67(‖)
Korea (Sth)	Won	1,103.69
Kuwait	Kuwaiti Dinar	0.3892
Laos	New Kip	44.98
Lebanon	Lebanese £	20.30
Lesotho	Maluti	2.5350
Liberia	Liberian $	1.2825
Libya	Libyan Dinar	0.3805
Liechtenstein	Swiss Franc	3.27
Luxembourg	Lux Franc	78.20
Macao	Pataca	10.3720
Madeira	Portug'se Escudo	221.75
Malagasy Republic	MG Franc	798.35
Malawi	Kwacha	2.2400
Malaysia	Ringgit	3.1625
Maldive Islands	Rufiyaa	9.06
Mali Republic	C.F.A. Franc	592.25
Malta	Maltese £	0.6035
Martinique	Local Franc	11.8450
Mauritania	*Ouguiya*	88.30
Mauritius	M. Rupee	19.95
Mexico	Mexican Peso	(F)328.57 (C) 280.30
Miquelon	Local Franc	11.8450
Monaco	French Franc	11.8450
Mongolia	Turgrik	4.65 (‖)
Montserrat	E. Caribbean $	3.47
Morocco	Dirham	12.60 (sg)
Mozambique	Metical	(A) 56.37
Namibia	S.A. Rand	2.5320
Nauru	Australian Dollar	1.8520
Nepal	Nepalese Rupee	23.50
Netherlands	Guilder	4.3975
NetherlandAntilles	Antillian Guilder	2.31
New Zealand	N.Z. Dollar	2.8400
Nicaragua	Cordoba	(O)36.00
Niger Republic	C.F.A. Franc	592.25
Nigeria	Naira	*1.125091*
Norway	Norwegian Krone	11.21
Oman Sul'ate of	Rial Omani	0.4427
Pakistan	Pakistan Rupee	20.10
Panama	Balboa	1.2825
Papua N. Guinea	Kina	1.3018
Paraguay	Guarani	308.64(10) 644.92(7) 417.56 (12)
Peru	Sol	exe(A)12,098†
Philippines	Philippine Peso	22.30
Pitcairn Islands	£ Sterling New Zealand $	— 2.8400
Poland	Zloty	172.46
Portugal	PortugueseEscudo	221.75
Puerto Rico	U.S. $	1.2825
Qatar	Qatari Ryal	4.6628
Reunion Island	French Franc	11.8450
Romania	Leu	(Cm) 5.63 (N/C) 15.74
Rwanda	Rwanda Franc	126.68
St. Christopher	E. Caribbean $	3.47
St. Helena	St Helena £	1.0
St. Lucia	E. Caribbean $	3.47
St. Pierre	Local Franc	11.8450
St. Vincent	E. Caribbean $	3.47
Samoa American	U.S. $	1.2825
San Marino	Italian Lira	2,484.5
Sao Tome & Prin.	Dobra	58.46
Saudi Arabia	Saudi Ryal	4.6488
Senegal	C.F.A. Franc	592.25
Seychelles	S. Rupee	9.20
Seirra Leone	Leone	(O) 7.20
Singapore	Singapore $	2.8300
Solomon Islands	Solomon Is. $	1.7710
Somali Republic	*Somali Shilling*	47.03
South Africa	Rand	2.5560
Spain	Peseta	219.25
Spanish ports in North Africa	Peseta	219.25
Sri Lanka	S. L. Rupee	34.60
Sudan Republic	Sudan £ (u)	3.21
Surinam	S. Guilder	2.2935
Swaziland	Lilangeni	2.5320
Sweden	*S. Krona*	11.2850
Switzerland	Swiss Franc	3.27
Syria	Syrian £	(A) (T) 9.0 (CM) 5.04
Taiwan	*New Taiwan $*	51.25
Tanzania	Tan. Shilling	22.32
Thailand	Baht	34.60
Togo Republic	C.F.A. Franc	592.25
Tonga Islands	Palanga	1.8520
Trinidad	Trinidad & Tob $	3.10†
Tunisia	Tunisian Dinar	1.07(sg)
Turkey	Turkish Lira	551.55
Turks & Caicos	U.S. $	1.2825
Tuvalu	*Australian $*	*1.8520*
Uganda	Uganda Shilling	733.0
United States	U.S. Dollar	1.2825
Uruguay	Uruguay Peso	119.11
Utd.Arab Emirates	U.A.E. Dirham	4.7292
U.S.S.R.	Rouble	1.0794
Vanuatu	*Vatu*	141.80
Vatican	Italian Lira	2,484.5
Venezuela	Bolivar	(4) 5.53 (5) 9.64 (6) 15.52
Vietnam	Dong	(O) 129.19
Virgin Island U.S.	U.S. Dollar	1.2825
Western Samoa	*Samoan Tala*	(A) 2.9750
Yemen (Nth)	Ryal	8.9410(sg)
Yemen (Sth)	S.Yemen Dinar	0.4410
Yugoslavia	New Y Dinar	330.3032
Zaire Republic	Zaire	61.2729
Zambia	Kwacha	2.90
Zimbabwe	Zimbabwe $	2.0050

‡ Rate is the transfer market (controlled). ‡‡ Now one official rate. (‖)Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad and tourists. (9) Banknote rates. (10) Rate for exports. (12) Rate for imports. (13) Essential imports. (14) Nearly all business transactions.
† Corrections (May 13): Peru, 11,250.65 and Trinidad, 3.01.

Contracts and Tenders

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES & PETROCHIMIQUES
(Algerian Popular Democratic Republic)

REPUBLIQUE ALGERIENNE DOMOCRATIQUE ET POPULAIRE
(Ministry for Energy & Chemical & Petrochemical Industries)

ENTERPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploration Company)

NOTICE OF CALL FOR TENDERS

NUMBER 9140/AY/MEC

The National Oil Exploitation Company is launching a National and International Call for Tenders fo rthe supply of the following equipment:

Lot no. 1: Ambulance L.R. Type 109

Lot no. 2: Jeep for trouble-shooting/inspection purposes Type 109

Tenderers interested in this Call for Tenders may obtain the specifications for the sum of 400 Algerian Dinars from the following address: Enterprise Nationale des Travaux aux Puits, 16 Route de Mefcah, Oued Smar, El-Harrach, Algiers, Algeria, with effect from the date on which this notice is published.

Offers of which five (05) copies should be prepared, must be sent in a double-sealed envelope by registered mail to the Secretariat de la Direction Approvisionnements [Secretariat, Supplies Division] at the above address.

The outer envelope should not bear any mark that might identify the tenderer, or any heading, and should read: "Appel a la concurrence National et International no. 9140/AY/MEC" [National and International open Call for Tenders No. 9140/AY/MEC].

Tenders must be received 45 days at the latest from the first date of publication of this notice.

Selection will be made within 180 days of the closing date of this Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

REPUBLIQUE ALGERIENNE DOMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES & PETROCHIMIQUES
(Ministry for Energy & Chemical & Petrochemical Industries)

ENTERPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploration Company)

NOTICE OF CALL FOR TENDERS

NUMBER 9138/AY/MEC

The National Oil Exploration Company is launching an open National and International Call for Tenders for the supply of:

Lot No. 1: Tractor 6 x 6 equipped with winch, 450-500 h.p.

Lot no. 2: Tractor 6 x 6 with 30 ton capacity, 300 h.p.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address: Entreprise Nationale des Travaux aux Puits, 16 Route de Mefcah, Oued Smar, El-Harrach, Algiers, Algeria, Direction des Approvisionnements [Supplies Division] for the sum of 400 Algerian Dinars with effect from the date on which this notice is published.

Offers of which five (05) copies should be prepared, must be sent in a double-sealed envelope by registered mail to the Secretariat de la Direction Approvisionnements [Secretariat, Supplies Division] at the above address.

The outer envelope should not bear any mark that might identify the tenderer, or any notice.

Selection will be made within 180 days of the closing date of this Call for Tenders.

heading, and should read: "Appel a la concurrence National et International no. 9138/AY/MEC" [National and International open Call for Tenders no. 9138/AY/MEC].

Tenders must be received 45 days at the latest from the first date of publication of this notice.

THE GOVERNMENT OF ARGENTINA announces an

INVITATION TO BID

for the Exploration–Development Rights to HUEMULES GOLD-SILVER DEPOSIT

Chubut Province

Exploration work by the United Nations Revolving Fund for Natural Resources Exploration has led to the discovery of precious-metals dominant polymetallic mineralization at Huemules near Esquel in the Province of Chubut. Mineralization occurs along and across a complex fracture zone which has been partially investigated by surface and underground drilling as well as limited tunnelling. Substantial tonnages are indicated and areas of extremely high grade gold and silver have been intersected along an extension of 3 kilometers.

Copies of the letter of invitation are available from Argentine Government Commercial Offices or directly from:

SECRETARIA DE MINERIA
PROYECTO HUEMULES
SANTA FE 1548
1060 BUENOS AIRES—ARGENTINA
TELEX 17083 PESCA AR
TELEPHONE: 44-1136

Complete bidding documents available: July 1, 1985.
Anticipated bid closing date: December 13, 1985

METBA

AEGEAN METALLURGICAL INDUSTRIES LIMITED

is seeking a

CONSULTANT FOR TECHNOLOGY ASSESSMENT ARSENOPYRITES PROCESSING

METBA (Aegean Metallurgical Industries Limited), a subsidiary of the Hellenic Industrial Development Bank (ETBA) and the Bodossakis Foundation, is seeking a Consultant who will assist in the Technology Evaluation for the processing of auriferous-argentiferous arsenopyrites for the recovery of gold and silver.

The Consultant is expected to have a broad experience in arsenopyrites processing, gold and silver recovery and handling of arsenic compounds.

The Consultant is expected to offer independent services in Technology Evaluation and therefore should not be tied to any specific technology.

Interested qualified Consultant Companies should submit prequalification documents describing:

(a) Company's structure, organisation and size;
(b) Company's experience, with special emphasis in auriferous-argentiferous arsenopyrites processing.
(c) Curriculum vitae of key personnel to be involved in the project.

Prequalification documents should be addressed as soon as possible to:

The Managing Director
AEGEAN METALLURGICAL INDUSTRIES LIMITED
1 Eratosthenous Street, GR - 116 35 Athens, Greece
Tel: (301) 7517300, 7517307

INVITATION FOR PREQUALIFICATION
ISLAMIC REPUBLIC OF IRAN

INDUSTRIAL DEVELOPMENT AND RENOVATION ORGANISATION (IDRO)
PERSIAN GULF SHIPYARD PROJECT
(Bandar Abbas Shipyard)

On behalf of the above-mentioned organisation, interested bidders are invited to pre-qualify for the manufacture, supply, erection and commisioning of a number of

LEVEL-LUFFING SLEWING CRANES FOR SHIPYARD SERVICE

with a lifting capacity ranging from 30 tons to 50 tons (780 mt to 1500 mt), including supply and installation of corresponding crane tracks and conductor lines.

Interested companies are requested to send their company profiles, along with literature illustrating experience of similar works carried out, to PGSP consultants:

BLOHM & VOSS AG
Department BC, P.O. Box 10 07 20, D-2000 Hamburg 1
West Germany

Personal

SWITZERLAND
LAKE GENEVA — MOUNTAIN RESORTS

Lovely apartments with magnificent views of Lake Geneva and mountains, Montreux, Villars, Verbier, Les Diablerets, Chateau d'Oex near Gstaad, Leysin. Excellent opportunities for foreigners. Prices from SwFr123,000. Liberal mortgages at 6½% interest

GLOBE PLAN SA
Av Mon-Repos 24, CH-1005, Lausanne, Switzerland
Tel: (21) 22 35 12 · Telex: 25185 MELIS
ESTABLISHED SINCE 1970

Company Notices

TDK CORPORATION
(CDRs)

The Board of Directors of TDK Corporation has announced that shareholders, who will be registered in the books of the Company on May 31st, 1985 (Tokyo time) will be entitled to receive a 10% gratis distribution of new shares. Consequently the undersigned designated div.cp.no. 21 of the CDRs for this purpose.

In Japan the shares are traded ex-bonus as from May 28th, 1985.

Amsterdam, 13th May, 1985

AMSTERDAM DEPOSITORY COMPANY N.V.

KEMIRA OY
U.S.$100,000,000
Floating Rate Notes due 1995

NOTICE IS HEREBY GIVEN to Noteholders that the annual report of Kemira Oy for the fiscal year ending 31st December, 1984 is available at its offices:
Malminkatu 30, 00100 Helsinki 10

Art Galleries

ANDREW WYLD GALLERY, 17 Clifford Street, W1. 734 5575. Watercolours Drawings and Oil Paintings FROM GAINSBOROUGH TO TURNER. Until 31st May, 10-6 Mon-Fri.

LACY GALLERY, 40 Ledbury Road, W11. 229 9105. "BITTER SWEET." AN EXHIBITION OF 20th CENTURY BRITISH ART. Tues 21st to Sat 25th May, 10-6.

RICHARD GREEN, 44 Dover Street, W1. 493 3939. MODERN BRITISH PAINTINGS. Daily 10-6, Sats 10-12.30.

F. & C. ORIENTAL FUND S.A.
société anonyme d'investissement

Registered Office: LUXEMBOURG, 14 rue Aldringen
Commercial Register: LUXEMBOURG Section B no. 16855

The quorum required by law not having been reached at the first Extraordinary General Meeting of Shareholders held on April 18th, 1985, the shareholders are invited to attend a

SECOND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

to be held on June 5th, 1985, at 1..00 o'clock at the registered office of the Fund, 14 rue Aldringen, Luxembourg, with the following agenda:

(1) Amendment of the articles of incorporation in accordance with the law of August 25th, 1983, including, without limitation, the following:
(a) Article 3 and 24:
To delete in these articles provisions referring to the law of 31st July, 1929 and to replace them by reference to the law of 25th August, 1983, regarding investment funds.
(b) Article 5:
To add to this article the following paragraph:
"The corporation has an authorised capital of TWO MILLION U.S. dollars (U.S.$2,000,000) to consist of ONE MILLION (1,000,000) shares of a par value of TWO U.S. dollars (U.S.$2) per share.
(c) Article 6:
To amend the second and third paragraph of this article to redefine the conditions for the issue of new shares and to waive preferential subscription rights. The text of the amended article is available for inspection at the registered office.
(d) Article 16:
To add the following sentence to the second paragraph:
"Redemption proceeds shall be paid not later than seven business days after the applicable redemption date or after receipt of repurchased share certificates which ever occurs first."
(e) To delete all reference to the subsidiary company in the articles and specially in articles 16, 17, 18, 21.
(f) Article 18:
To add to the second sentence in this article the following sentence:
"The net asset value of the shares of the company will be calculated at the close of business in Luxembourg on every Wednesday or on the following business day if such Wednesday is a public holiday."

The shareholders are hereby informed that this second Extraordinary Meeting of Shareholders shall validly vote on the points of the agenda no matter what portion of the share capital of the Corporation will be present or represented. In accordance with Luxembourg law, resolutions will be subject to a majority of ⅔ of the shares represented at the meeting, provided however, that at this second meeting, shares not represented will (in a number not exceeding ⅓ of the total number of outstanding shares) be deemed to vote for the resolutions proposed above, and provided further that in such latter case the resolutions must be voted by the majority of the shares represented at the meeting.

To attend the Extraordinary General Meeting of Shareholders of 5th June 1985, owners of registered shares should have their names recorded in the company's register of shareholders five working days prior to the Meeting and owners of bearer shares deposit their shares at least five working days prior to the Meeting with the following banks:

BANQUE GENERALE DU LUXEMBOURG, S.A.
14 rue Aldringen
Luxembourg
WILLIAMS & GLYN'S BANK LIMITED
67 Lombard Street
London EC3P 3DL

The Board of Directors

CONSOLIDATED COMPANY BULTFONTEIN MINE, LIMITED
GRIQUALAND WEST DIAMOND MINING COMPANY, DUTOITSPAN MINE, LIMITED
(Both incorporated in the Republic of South Africa)

Declaration of Dividends

NOTICE IS HEREBY GIVEN that the directors of the abovementioned companies have declared dividends in respect of the six months ending 30th June, 1985, payable to shareholders registered in the books of the respective companies on 28th June, 1985. The dividends have been declared in the currency of the Republic of South Africa.

Warrants will be posted from the Kimberley and the United Kingdom offices of the transfer secretaries on or about 1st August, 1985. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 1st July, 1985 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the companies' transfer secretaries in Kimberley or in the United Kingdom on or before 28th June 1985.

The ordinary share transfer registers and registers of members will be closed from 29th June, 1985 to 12th July, 1985, both days inclusive.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Kimberley and the United Kingdom.

Company	South African Currency Per Share
Consolidated Company Bultfontein Mine, Limited	4.5 cents
Griqualand West Diamond Mining Company, Dutoitspan Mine, Limited	20.5 cents

By order of the Boards
For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
J. C. GREENSMITH

London Office:
40 Holborn Viaduct
London EC1P 1AJ

Office of the United Kingdom Transfer Secretaries:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

21st May, 1985

Company Notices

Ni-Cal Developments Ltd.
Form S-1 Registration Statement is effective

Mr. Gordon A. Christopher, Chairman of the Board of Ni-Cal Developments Ltd. (NASDAQ National Market: NICLF) announced that the Company's Form S-1 Registration Statement was declared effective by the Securities Exchange Commission earlier today. The Registration Statement covers 5,748,254 shares of common stock including the reoffer and resale of 2,447,383 shares initially issued to certain private placements and foreign offerings and 2,886,460 issuable upon the conversion of the Company's 9% Eurobonds and the exercise of its Eurowarrants. A spokesman for the Company stated that prior to this offering, there were 11,472,234 shares of common stock issued and outstanding and assuming the issuance of all shares covered by the Company's Registration Statement, there would be 14,359,354 shares of common stock outstanding.

Mr. Christopher stated that the Registration Statement includes shares issuable pursuant to a proposal to lower the conversion price of its Ni-Cal Finance N.V. 9% Eurobonds to $2.725 per share and the exercise price of its Eurowarrants to $3.34 per share. In addition, certain stock subscription rights previously included in the Company's Amendment No. 1 filing to the Form S-1 have been deleted. The proposal is subject to the approval of the Company's shareholders at its Annual General Meeting to be held June 17, 1985 in Los Angeles, California.

As previously announced, the Company intends to apply for delisting of its shares from trading on the Vancouver Stock Exchange ("VSE") so that the Company's shares will trade only in the United States on NASDAQ – National Market System.

William E. Hosken, President of Ni-Cal Developments Ltd. stated: "The proposed conversion price of the 9% Eurobonds and the exercise price of the Eurowarrants will only be available for a 37-day period commencing June 18, 1985. Holders of the 9% Eurobonds who wish to convert at the proposed lower conversion rate will be required to exercise their Eurowarrants at the same time. However, the Eurowarrantholders may exercise their warrants at the reduced exercise price without converting any 9% Eurobonds."

If all the 9% Eurobonds are converted, the Company would be relieved of $619,200 of annual interest payments thereon, plus the repayment of the principal balance due in 1988. Accordingly, if all the 9% Eurobonds are converted and the Eurowarrants exercised, the Company would be relieved of cash payments of up to an aggregated amount of $9,356,008 over the next three years and would receive proceeds of $1,207,410.

Mr. Hosken said the proposal would require the issuance of 2,886,460 shares of common stock if all the 9% Eurobonds are converted and the Eurowarrants exercised. This is an addition of 1,788,800 shares of common stock above the amount to which the 9% Eurobondholders and Eurowarrantholders are already entitled.

This announcement shall not constitute an offer to sell nor solicitation of an offer to buy any shares of Ni-Cal Developments Ltd.

VANCOUVER, B.C., May 15, 1985.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN TOPPAN PRINTING CO., LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to shareholders of record date May 31, 1985, the shareholders' register will be closed for the period June 1-30, 1985, and during this period it will not be possible to register the transfer of shares against the surrender of EDRs.

Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from May 28, 1985.

Subject to approval of the dividend, a further notice will be published stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment thereof as soon as practicable after receipt of the dividend by the Depositary.

Coupon No. 8 will be used for collection of this dividend.

CITIBANK, N.A., London, Depositary.

May 21, 1985.

IMPERIAL JAPANESE GOVERNMENT
4 PER CENT STERLING LOAN OF 1910

THE BANK OF TOKYO LTD are instructed by the Japanese Government to announce that in accordance with the terms of the said Government's Offer as published in THE TIMES on 24th November, 1952 the REPAYMENT of the PRINCIPAL in Sterling calculated in accordance with the provisions of paragraph 5 of the above-mentioned Offer, will be made on Enfaced Bonds on and after 3rd June 1985 together with the PAYMENT of COUPON No. 150 due 1st June 1985.

The said Coupon should be detached from the Bonds and be listed and presented on the forms provided and the Bonds should be similarly listed on the forms provided.

In accordance with the arrangements made by the Japanese Government, the Bonds will also be payable in Switzerland at the Office of the Swiss Bank Corporation in Basle.

All Bonds and Coupons must be left at least six clear days for examination prior to payment.

Bonds and Coupons cannot be accepted through the post.

THE BANK OF TOKYO LTD.
LONDON

20th May 1985

T.C.H. INVESTMENTS N.V.

NOTICE IS HEREBY GIVEN to holders of Bearer Depositary Receipts, each representing one-tenth of one Class "A" share of T.C.H. Investments N.V. that after the declaration of a dividend at the Annual General Meeting of Shareholders of T.C.H. Investments N.V. held in Curacao on 20th May, 1985, holders of Bearer Depositary Receipts are entitled to a net dividend of US$23.— per receipt payable as from 28th May, 1985 at the office of Pierson, Heldring & Pierson N.V., Herengracht 214, Amsterdam, against surrender of dividend coupon nr. 11.

CARIBBEAN DEPOSITARY COMPANY N.V.

Willemstad, Curacao
21st May, 1985

GIST-BROCADES N.V.

In accordance with subsection 2a of the Trust Deed of 18th June 1969 relating to GIST-BROCODES N.V. U.S.$15,000,000.—20-year 5¼% convertible Debenture Loan, the undersigned announces that the Conversion Price falls to be adjusted as a result of a declaration of 1 share for 33 shares from the share premium account, or at the option of the bearer Dfl. 5.— in cash.

From May 8th 1985 the Conversion Price will be reduced to Dfl. 78.80 per share of Dfl. 10.— nominal value.

B.V. ALGEMEEN ADMINISTRATIE- EN TRUSTKANTOOR
Wijnhaven 89, 3011 WK ROTTERDAM
The Netherlands.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

(Province of British Columbia, Canada)
25,000,000 CANADIAN DOLLARS
11¼% BONDS DUE 1993

NOTICE IS HEREBY GIVEN to Bondholders of the above-mentioned loan that the amortization installment due on June 15, 1985 (i.e. C$1,679,000) has been met by Bonds purchased by the Authority.

Amount remaining outstanding: C$21,831,000.

Luxembourg, May 20, 1985.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189 Regent St. 01-734 0557.

RORENTO

INFORMATIVE MEETING FOR SHAREHOLDERS OF RORENTO N.V.

to be held at the Hilton Hotel, Weena, Rotterdam, on Thursday, 6th June, 1985, at 14.30 hours.

AGENDA

1. Opening.
2. To discuss the Management's Report concerning the state of affairs and the investment policy pursued in the past financial year.
3. To discuss the Annual Accounts for the financial year 1984/1985.
4. To discuss the appropriation of the profit.
5. To discuss the composition of the Board of Supervisory Directors.
—Mr. B. Pralit will resign having reached retirement age.
—Mr. J. M. Goudswaard will retire by rotation. It will be proposed to the General Meeting of Shareholders to re-elect him.
—Furthermore it will be proposed to appoint Messrs. J. Kremers and P. A. W. Roef Supervisory Directors.
6. Any other business.

RORENTO N.V.
ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on Thursday, 27th June 1985, at 11.00 a.m., at the offices of RORENTO N.V., Willemstad (Curacao), Corn. Berghplein 6.

AGENDA

1. Opening.
2. To receive and adopt the Management's Report concerning the state of affairs and the policy pursued in the past financial year.
3. To receive and adopt the Annual Accounts for the financial year 1984/1985.
4. To determine the appropriation of the profit.
5. To compose the Board of Supervisory Directors.
—Mr. B. Pralit will resign having reached retirement age.
—Mr J. M. Goudswaard will retire by rotation. It will be proposed to re-elect him.
—Furthermore, it will be proposed to appoint Messrs. J. Kremers and P. A. W. Roef Supervisory Directors.
6. Any other business.

Holders of Share Certificates to Bearer desirous of attending or being represented at one or both of the above stated Meetings, should lodge their share certificates, by hand, (postal deliveries will not be accepted), with the National Westminster Bank PLC, Stock Office Services, 3rd Floor, 20 Old Broad Street, London EC2N 1EJ (between the hours of 10 a.m. and 2 p.m.) as follows:—

INFORMATIVE MEETING — Not later than Thursday, 30th May 1985

ANNUAL GENERAL MEETING— Not later than Thursday, 20th June 1985

in exchange for a receipt.

Beneficial owners whose share certificates are presently deposited with a bank must obtain a Certificate of Deposit signed by the bank as evidence that such bank is holding the share certificates. This Certificate must be lodged against receipt by that bank, with the National Westminster Bank PLC, in accordance with the requirements stated above.

The receipt for the share certificates or Certificate of Deposit will constitute evidence of a shareholder's entitlement to attend and vote at the meeting and should be presented at the door of the Meeting Hall. If a holder desires to appoint a proxy, who need not be a member of the Company, to attend and vote in his stead, a form of proxy may be obtained from the National Westminster Bank PLC as above and this form of proxy must be presented at the door of the Meeting Hall together with the receipt for the share certificates or Certificate of Deposit.

Shareholders who maintain a Shareholders Account with the Company, wishing to attend either or both Meetings or appoint a proxy in their stead, must signify their intention in writing to, The Secretary Rorento N.V., c/o Avrento B.V., Heer Bokelweg 133, 3032 AD Rotterdam, Netherlands, to arrive not later than the dates indicated above.

Although proxies may attend, votes will not be cast at the Informative Meeting.

Copies of the full agendas and of the Annual Report for 1984/85 can be obtained from National Westminster Bank PLC at the address shown above.

By Order of the Management.
Dated this 21st day of May, 1985.
St. Martin.

LEUMI INTERNATIONAL INVESTMENTS N.V.
US$60 MILLION FLOATNG RATE NOTES 1985

The interest rate applicable to the above Notes in respect of the six month period commencing 20th May 1985 has been fixed at 8⁹⁄₁₆ per cent per annum.

The interest amounting to US$45.04 per bond of US$1,000 nominal and to US$450.42 per US$10,000 nominal will be paid on Wednesday 20th November 1985 against presentation of Coupon No. 14.

BANK LEUMI TRUST COPMANY OF NEW YORK
Principal Paying Agent

FRENCH KIER BUILD

WE ALSO DESIGN AND CONSTRUCT

For over a century, French Kier has been building everything from private housing to major new hospital complexes, offices and factories; but our building work doesn't stop there. In the process we have built up an enviable reputation.

French Kier are a responsible, highly responsive organisation that clients invariably like to return to.

French Kier offers a comprehensive range of design, planning and construction skills on both a national and regional basis, with fifteen Area Offices throughout the UK. As a result we can point to relevant experience in all forms of contract, and in many situations, with particular expertise in inner city locations – both new build and quality refurbishment. We talk realistically about every aspect of a project, with our skills combining to achieve completion on time and within budget.

Our clients call it total commitment. We call it French Kier.

The building skills of French Kier Construction represent just one facet of the Company's many activities. For further information about these, or our activities in civil engineering, property development, or construction management, please contact: Dick Allen, Managing Director, French Kier Construction Limited, Tempsford Hall, Sandy, Bedfordshire, SG19 2BD. Tel: Biggleswade (0767) 40111.

FK FRENCH KIER CONSTRUCTION
A member of the French Kier Group